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LOGISTICS TOÀN CẦU TRONG BỐI CẢNH XUNG ĐỘT KHU VỰC: NGHIÊN CỨU ĐIỂN HÌNH VỀ XUNG ĐỘT ISRAEL - HAMAS VÀ TÁC ĐỘNG ĐẾN VIỆT NAM

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Tóm tắt

Các xung đột khu vực đang là một vấn đề lớn ảnh hưởng đến tình hình thế giới ở nhiều khía cạnh, đặc biệt là trong lĩnh vực thương mại. Vì vậy, việc hiểu rõ về tác động của những xung đột này rất quan trọng đối với mọi quốc gia. Nghiên cứu này tập trung vào phân tích ảnh hưởng của một trong những xung đột căng thẳng nhất hiện nay, Chiến tranh Israel – Hamas ở Dải Gaza, đến logistics toàn cầu, đặc biệt là tác động lên ngành logistics của Việt Nam. Dựa trên việc nghiên cứu tài liệu sẵn có, phân tích các ví dụ và trường hợp điển hình song song với áp dụng khung lý thuyết, nhóm nghiên cứu chỉ ra những thách thức mà các nhà cung cấp logistics gặp phải khi tham gia thương mại và đầu tư qua khu vực xung đột, đồng thời đưa ra những đề xuất nhằm nâng cao khả năng đối phó với chúng. Kết luận của nghiên cứu nhấn mạnh việc chủ động giảm thiểu rủi ro, hợp tác giữa các bên liên quan đến logistics, tích hợp công nghệ tiên tiến, lập kế hoạch dự trù toàn diện và giải quyết bằng phương pháp ngoại là vô cùng cần thiết.

Từ khóa: logistics toàn cầu, xung đột khu vực, Israel - Hamas, dải Gaza, Việt Nam

GLOBAL LOGISTICS IN THE FACE OF REGIONAL CONFLICTS: A CASE STUDY OF THE ISRAEL - HAMAS WAR AND IMPLICATIONS FOR VIETNAM

Abstract

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Regional conflicts are a significant issue affecting the global situation in various aspects, particularly in the trade sectors. Therefore, understanding the effects of these conflicts is crucial for every country. This research paper examines the impact of the most intense conflict right now: The Israel-Hamas War in Gaza Strip on global logistics, with a specific focus on implications for Vietnam's logistics industry. Drawing from extensive literature review, case study analysis, and theoretical frameworks, the study emphasizes the challenges faced by logistics providers engaged in trade and investment through the conflict zone and offers recommendations to enhance resilience. The findings emphasize the need for proactive risk mitigation, collaboration among logistics stakeholders, integration of advanced technologies, comprehensive scenario planning, and advocacy for diplomatic solutions to regional conflicts.

Keywords: global logistics, regional conflict, Israel - Hamas, Gaza Strip, Vietnam

Introduction

Global logistics methodically weaves together a complex network of procedures and activities to enable the safe delivery of goods, services, and information across international borders. However, this complex system is under unprecedented challenges due to a confluence of global factors. Logistics' global reach exposes businesses to disruptions caused by a wide range of global concerns. In addition to these global factors, regional conflicts exacerbate the challenges faced by the global logistics network. Disruptions frequently stem from conflicts over interests and religious differences, which emerge as substantial hurdles to the smooth running of global logistics. Notably, recent conflicts, those taking place in the Middle East, are rapidly becoming geopolitical tensions, casting a large shadow over the global logistics ecosystem.

This paper aims to conduct a thorough examination of the repercussions of the Israel-Hamas conflict on global logistics, emphasizing its effects on Vietnam's logistics industry. By delving into the intersection of regional conflicts and global logistics, the study seeks to offer a comprehensive perspective on how the Israel-Hamas conflict influences Vietnam's logistics sector. The focus is on extracting valuable lessons from these intersections to provide actionable recommendations for mitigating disruptions and enhancing the resilience of the entire logistics ecosystem.

1. Literature review

1.1. Research situation

The rise in regional conflicts has introduced disruptions to the otherwise seamless supply chain. Scholars have extensively delved into the intricacies of the global logistics landscape during geopolitical conflicts, shedding light on the challenges and disruptions faced by supply chains in times of regional unrest.

A notable study by Nguyen Minh Ngoc et al. (2022) focused on the impact of the Ukraine War, a significant regional conflict preceding the Israel-Hamas conflicts. The research highlighted a rapid increase in freight costs across all transportation modes, heightened risks for manufacturing industries, and a concerning shortage of shipping personnel among the conflicting parties. Building upon this, Dinh Viet et al. (2022) extrapolated how these impacts

could be applied and interpreted in the context of future regional conflicts disrupting the global logistics landscape.

The prolonged Israeli-Palestinian conflict poses challenges to international trade logistics, with broader geopolitical implications affecting economic corridors and contributing to environmental crises in the Gaza Strip, as outlined by Gilles Paché (2023). A corroborating study by FNBC Vietnam (2023) confirmed the delays in maritime trade routes, heightened security concerns, and the need for additional measures, all influencing fuel costs and subsequently impacting the overall economics of global logistics operations.

Examining the specific impact on industries, Majo George (2023) highlighted how the Israel-Hamas conflict disrupted the global semiconductor supply chain. Israel, being integral to this industry, faced instability, affecting its ability to meet the growing demand for chips in technology, automotive, and consumer electronics sectors. Furthermore, Alexander Freeman and Harris Kouppas (2023) from the Hill Dickinson identified a new potential risk in the form of cyberattacks on Israeli government sites, which pose tangible risks to insurers, potentially extending to shipping infrastructure and trade partners. This has led to increased concerns and higher premiums for cyber insurance.

1.2. Research gaps

While there has been significant growth in the literature concerning global logistics amidst regional conflicts, there are still notable gaps that underscore the necessity for more comprehensive investigations. Existing research lacks additional instances that delve deeply into specific obstacles, achievements, and lessons learned. Although previous studies have thoroughly examined the impact of regional conflicts on global logistics, offering detailed cases in affected regions, there remains a comprehensive gap in addressing practical strategies for risk mitigation. This emphasizes the need for research that provides actionable frameworks to enhance resilience.

Countries in the nearby Eastern region, such as India, have been extensively studied for potential effects and risk allocation, as indicated by the research of Yoganandham Govindharaj et al. (2023). Heny Handayani (2023) has expressed concerns about Indonesia, another Southeast Asian nation, highlighting potential risks like escalating oil prices, disruptions in the supply chain, and implications for the financial sector. We found that there is limited literature available which covers the impact of the Israel - Hamas conflict on aspects of Vietnamese trading and the linkage to global logistics and supply chain.

Hence, the primary objective of our research is to bridge existing gaps by delving into the fundamental dynamics of global logistics, regional conflicts, and their intricate interconnections, particularly in the realms of economy, trading, and supply chain. Our study aims to thoroughly investigate and provide recommendations for mitigation in the context of Vietnam.

2. Theoretical framework

2.1. Regional Conflicts

2.1.1. Definition of Regional Conflicts

“Regional conflicts” and relevant terms have been widely mentioned in a large amount of research since the early years of 1980s. One of the most notable authors who introduced this topic was Buzan (1983). In his book “People, States, and Fear: The national security problem in international relations”, he raised concern about a concept which he named “regional security complexes”, a group of states whose main security issues are so intertwined that each national security cannot be deemed as separated. He also adds that this type of complexes are inclined to last but that does not necessarily mean for long and “internally rigid”.

Along with the advancement of various industries, the regional conflict has been increasingly clarified and broadened. Armstrong and Rubin (2002) developed a more systematic definition with the outlook of interrelated types of conflicts that intensify the conflicts themselves. Based on this, Leenders (2010) categorized conflicts into four types: military, political, economic, and social. Five years later, with the ecology receiving increasing concerns, Mason and Spillmann (2015) expanded that classification with environmental conflicts as a part of regional conflicts, or recently Okpa et al. (2023) even included the conflicts in the internal system itself.

In short, regional conflicts are often perceived as the controversy or dispute among multiple nations or entities, usually in a neighboring relationship, within a certain geographic region. These conflicts can be in different forms, including military, political, economic, social, environmental and are subject to many others that have yet to be reviewed in this part and that may arise in the years to come.

2.1.2. Causes of Regional Conflicts

Regional conflicts are attributable to a myriad of causes and motives, heavily dependent on the regional circumstances. Firstly, they can arise from historical grievances, which are lingering and unresolved disputes and issues from the past (Leenders, 2010) like the conflict between Armenia and Azerbaijan in the region of Nagorno - Karabakh, which is reported to stem from the political unrest since 1921. Secondly, the interference of major powers in the world to improve their own power is also a culprit for disputes of this kind (Vayrynen, 1984). The intensity of Russia-Ukraine may serve as examples. While Russia, aiming to take military and civil control over Ukraine people in the Black Sea, wanted to regain an important position internationally, the USA, supporting Ukraine to protect that peninsula, yearned for the “Westernization of Ukraine” which caused internal conflicts and hence the deterioration of Russian power. Thirdly, territorial disputes over lands, borders, and resources can also lead to regional conflicts which involve the competition for territorial claims and military or diplomatic confrontations. Aside from the aforementioned reasons, others that could be named are migration waves, ethnic or religious tensions, economic competition, nationalism and patriotism, and environmental factors. In reality, regional conflicts can occur as a result of the intricate combination of different factors which otherwise would have not reached such an intensity.

2.2. Global logistics

2.2.1. Definition

Global logistics refers to the intricate network of processes and activities involved in the management, coordination, and movement of goods, services, and information across

international borders.

Global logistics began with early international trade, such as the Silk Road. The 19th century witnessed a surge in global trade, driven by industrial advancements like steam power, which transformed transportation, reduced costs, and facilitated international goods movement. As nations expanded through commerce, efficient logistics became crucial for managing global supply chains, covering production, transportation, customs, and distribution.

In the latter half of the 20th century, "global logistics" gained prominence as businesses became more interconnected globally. Donald Waters' paper, "Global Logistics: New Directions in the Supply Chain" (1998), defined the 'global logistics' concept beyond a linear, integrated process, stressing that logistics involves orchestrating a network of partners across the entire supply chain, going beyond internal functions to include suppliers, manufacturers, distributors, and retailers.

Recent research and literature redefine global logistics, emphasizing its strategic response to globalization challenges. The 2017 study, "Global Logistics: Definition of Main Concepts and Essences," views global logistics as an advanced stage in logistical evolution, enhancing reproductive processes through integrated transport-logistic systems, distribution networks, and macro-logistical structures, including regional distribution logistics centers. Effective control of logistics flows relies on corresponding transport and telecommunications infrastructures.

2.2.2. Impacts of Regional conflicts on Global logistics

Prolonged transportation time: Factors contributing to the delay in the transportation time include the blocking of transportation routes and the destruction of key facilities.

The blocking of transportation routes during regional conflicts often occurs as a strategic or defensive measure, where warring parties seek to control or restrict access to crucial passages. This can involve the intentional closure of roads, seaports, or border crossings, disrupting the flow of goods and impeding the usual transportation networks.

Additionally, the destruction of key facilities, such as bridges, ports, and warehouses, directly undermines the logistical infrastructure essential for the efficient movement of goods. These acts of destruction not only hinder the physical movement of cargo but also necessitate time-consuming repairs and reconstruction efforts before normal operations can resume.

Consequently, the processing and transportation of goods are delayed, and vessels have to navigate alternative routes. For example, due to sanctions imposed by various countries against Russia and the conflict in the waters near Ukraine, the volume of imports into both Russia and Ukraine faced disruptions in transportation to their intended ports. Instead, shipping companies may choose to either unload cargo at alternative nearby ports, such as those in Bulgaria, Romania, Greece, Germany, and ports in the Suez Canal region, for further processing. Alternatively, the goods may remain on board and be returned to the exporting country.

Increased logistics costs: The increase in oil prices during times of war is further exacerbated by a reduced oil supply and the imposition of sanctions by countries involved in the conflict. As geopolitical tensions rise, nations may restrict oil exports or face sanctions, creating supply shortages and amplifying concerns about the stability of the global oil market, thereby contributing to the upward pressure on oil prices. When the Russia-Ukraine conflict

erupted in 2022, oil prices skyrocketed to over 100 USD per barrel - the highest level since 2014. Higher fuel prices result in elevated shipping and freight expenses, affecting the overall efficiency and cost-effectiveness of logistics operations globally.

Moreover, when there is a regional conflict, shipping companies often impose surcharges and additional fees. This is because the heightened risks and uncertainties associated with conflict zones increase operational costs for the shipping industry. The additional fees help offset the increased expenses and potential losses incurred due to the challenging and risky nature of navigating through or near conflict areas.

Furthermore, during conflicts, nations often implement more stringent customs control measures, contributing to extended clearance times and increased fees in the global logistics chain.

3. Case study: Analysis of the effects of the Israel-Hamas War on global logistics

3.1. Background of the Israel-Hamas War

3.1.1. Historical context

The Gaza Strip, governed by Hamas since 2007, faces economic challenges due to the Israeli blockade, leading to high unemployment and poverty. The informal economy has grown, but it's not sustainable. Hamas, founded in 1987, controls Gaza and now considers a "two-state solution." It receives support from Qatar and Iran, designated as a terrorist organization by the U.S., EU, UK, and Israel. Gaza has a history of conflicts, with limited self-governance starting in 1994, an Israeli withdrawal in 2005, and Hamas taking control in 2007. The roots of the Arab-Jewish conflict trace back to the post-World War I era, with the struggle between Jewish and Palestinian Arab nationalism over control of the League of Nations mandated territory of Palestine. Despite comprising 0.2% of the Middle East's land, Israel's creation in 1948 sparked persistent conflicts. The complex historical and economic dynamics in the region require a detailed exploration for a comprehensive understanding.

3.1.2. Recent developments

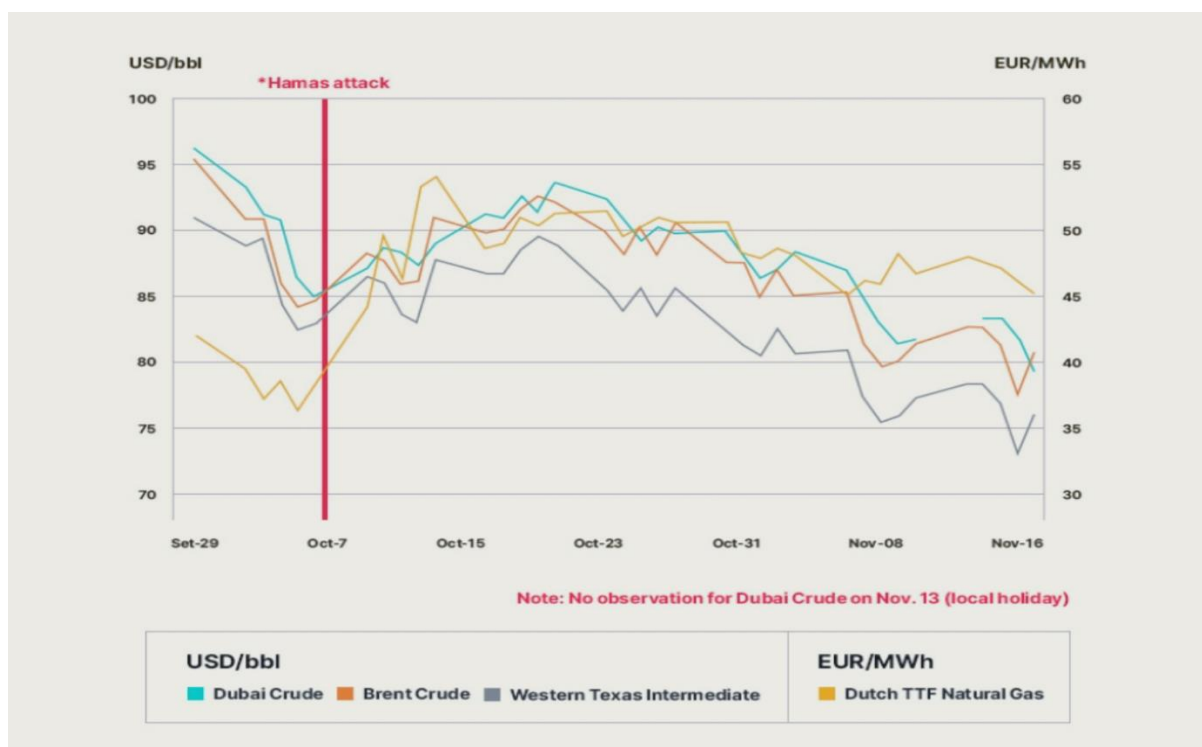
The 2023 Israel-Hamas war, sparked by escalating tensions, saw a multi-faceted assault by Hamas on Israel from the Gaza Strip on October 7, 2023, known as "Operation Al Aqsa Flood." Initiated with air raid sirens in southern and central Israel due to Hamas missiles, the conflict led to significant casualties and abductions, notably during an attack on the Supernova Music Festival near the Re'im kibbutz. Economically, the war disrupted normal activities, causing infrastructure, business, and agriculture damage, impacting trade and commerce for both the Gaza Strip and Israel. Rebuilding added economic burdens. The Israel Defense Forces confirmed Hamas militants infiltrating southern Israel, prompting a state of war, straining military and civilian logistics. Economic repercussions included loss of livelihoods, especially in affected areas, impacting entertainment and tourism sectors. The deadliest day for Israel, with over 1,200 deaths, led to the first state of war declaration since 1973, signifying the gravity of the situation. The 2023 Israel-Hamas war had far-reaching implications for the region's stability, affecting both immediate and long-term aspects.

3.2. Effects on Global logistics

3.2.1. Effects on global energy price

After Hamas' attack, there was a momentary spike in global oil prices because of the increasing geopolitical unrest in the Middle East; as of October 18, West Texas Intermediate (WTI) was trading for \$90 per barrel. Since neither Israel nor Palestine are significant oil producers, the short-term impact on world oil prices is anticipated to be minimal. Although it is a very unusual possibility, the Strait of Hormuz, through which 20% of the world's crude oil supplies flow, could become more dangerous if Iran gets directly or indirectly involved in the fight.

The consequences are mostly localized, even if natural gas prices have stayed high since Israel, a gas exporter, has stopped output at its Tamar gas field near Gaza owing to the ongoing conflict. Despite the fact that only 5% of Europe's total natural gas imports come from Egypt, a protracted shutdown in addition to seasonal variables like the arrival of winter and recent supply shocks in other regions might drive up LNG prices in Europe and Asia. This can result in higher logistical expenses for truck-based land transit. However, it is unlikely that there would be prolonged upward pressure because, since the start of the Russian-Ukrainian war, energy costs have decreased dramatically as a result of the global crisis. Gas storage is at an all-time high right now in many major nations, including the EU. Tensions in the Strait of Hormuz are expected to increase the war risk surcharge for LNG shipments, similar to how it does for oil transit, which will raise freight charges.



Source: Global Energy Prices Graph

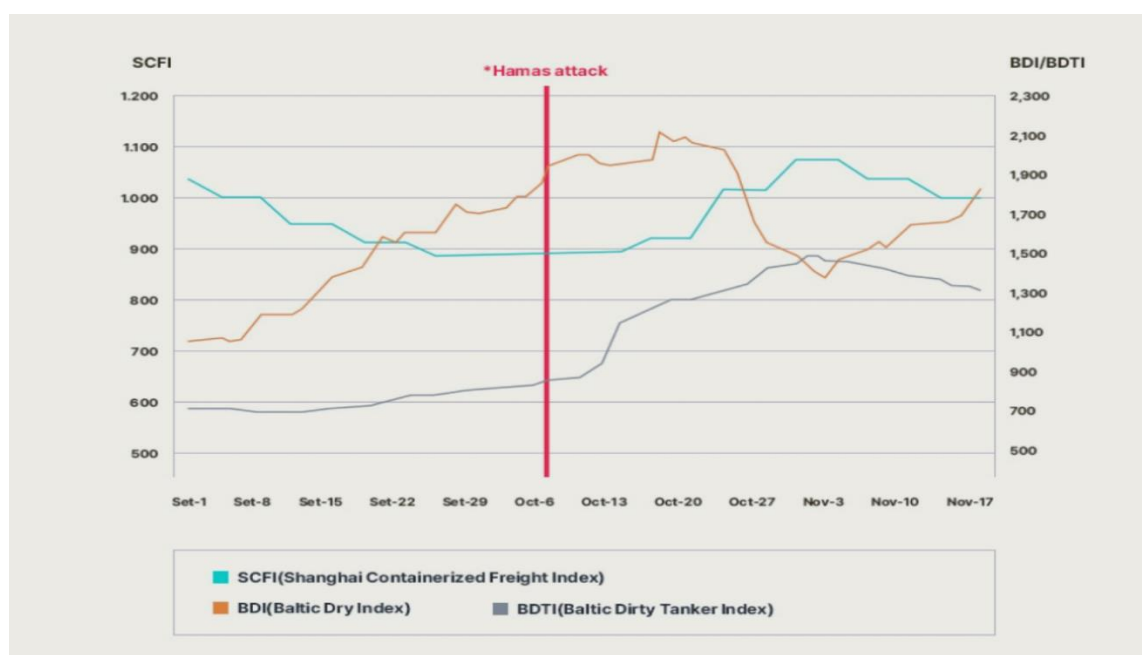
A discernible pattern emerges in the changes observed across various energy prices following the Hamas attack. Initially, there was a sharp and substantial increase in prices across all energy sources, with Dubai Crude, Brent Crude, and Western Texas Intermediate (WTI) experiencing significant spikes—from approximately \$70 to \$100 per barrel (USD/bbl), \$75 to \$95 per barrel, and \$72 to \$98 per barrel, respectively. This surge indicates a knee-jerk reaction to the event's immediate aftermath. However, subsequent to this initial surge, there was a period of gradual stabilization or decline. Dubai Crude settled around \$85 per barrel, Brent Crude

declined to around \$80 per barrel, and WTI moderated to approximately \$90 per barrel. While the degree of fluctuation varied between different energy commodities, with Dutch TTF Natural Gas experiencing the most pronounced volatility—from approximately €30 to €60 per megawatt-hour (EUR/MWh)—a common thread of eventual moderation in price movement emerged across the board. This pattern suggests a complex interplay of market dynamics, investor sentiment, and supply chain resilience in responding to geopolitical shocks in the energy sector.

The risk could extend to global fuel supply as the U.S. strengthens sanctions against Iran, potentially pushing fuel prices to around \$100 per barrel, but the chances are limited. Sporadic battles, particularly involving Hezbollah, the Syrian army, Houthis, and Israel, are expected. Eradicating Hamas leadership is challenging, and if successful, addressing the power vacuum in Gaza poses difficulties. The rise of Fatah's self-government in Gaza may threaten Fatah's standing, and increased casualties may force Arab countries to reconsider their stance. A globally isolated Israel could empower extremist groups globally, leading to heightened logistical risks. A prolonged attack may ultimately compel the U.S. and Israel to seek a pragmatic exit strategy, potentially impacting energy prices in the short term.

3.2.2. *Effects on global freight cost*

In the realm of global logistics, the Israel-Hamas conflict appears set to have a direct effect, mainly due to increased transportation expenses in an environment of elevated geopolitical risk.



Source: *Global Freight Index Graph*

The SCFI (Shanghai Containerized Freight Index) gauges spot rates for container shipping from Shanghai to various destinations worldwide, reflecting supply and demand dynamics. Between September 1 and November 17, the SCFI surged by approximately 58%, peaking at 1,186 on November 10. This surge suggests heightened demand for container shipping from Shanghai, likely outstripping supply, potentially due to disrupted trade routes and ports stemming from the Hamas attack. Meanwhile, the BDI (Baltic Dry Index) tracks rates for dry bulk shipping, including coal, iron ore, and grains, serving as a proxy for global economic

activity and trade. During the same period, the BDI surged by about 261%, reaching a record high of 2,294 on November 17, indicating a substantial demand surge for dry bulk shipping, potentially due to shortages of raw materials and commodities following the Hamas attack. Additionally, the BDTI (Baltic Dirty Tanker Index) monitors rates for tanker shipping, such as crude oil and petroleum products, reflecting supply and demand dynamics for oil and its derivatives. From September 1 to November 17, the BDTI rose by approximately 95%, reaching a peak of 1,722 on November 17. This increase suggests heightened demand for oil and its derivatives, potentially due to disruptions in oil production and transportation stemming from the Hamas attack. In summary, the graph demonstrates a significant impact on global freight costs following the Hamas attack on October 7, 2023, with all three indices experiencing sharp increases post-event. This may indicate reduced supply and increased demand for goods and services in the global market, alongside heightened risks and uncertainties in international trade and transportation.

Particularly concerning is the Israeli-Palestinian region's close proximity to important transit hubs such as the Strait of Hormuz, which is essential for energy logistics, and the Suez Canal, which is crucial for European-Asian logistics. Egypt, guardian of the Suez Canal, deliberately sets itself up as a go-between, keeping a diplomatic distance from the opposing parties. This complex environment highlights the complexities at the nexus of international logistics and geopolitical developments. The Houthi rebels, who are allied with Iran and rule over northern Yemen along the coast of the Red Sea, threatened to attack Israeli ships traveling through the Red Sea and the Bab el-Mandeb Strait. Given the serious concerns and involvement of Saudi Arabia and Egypt with the Houthi rebels, which have prompted efforts to restrict their actions in the Red Sea, it suggests the possibility of an additional increase in war risk premium fees for all ships passing via the Red Sea-connected Suez Canal.

The threats to logistics fees extend beyond physical disruptions, encompassing cyberattacks as well. According to TIME reports, hacking groups, some linked to Russia, are targeting Israeli government and media websites in alliance with Hamas. Such cyberattacks could potentially extend to shipping infrastructure within Israel, including ports, or against entities trading with Israel, further destabilizing the situation. This surge in state-sponsored cyberattacks is likely to drive up cyber insurance premiums, adding to the overall cost burden on logistics operations amidst geopolitical conflicts.

3.3. Adaptations and Mitigations

3.3.1. Governmental and Organizational Responses

The 2023 Israel-Hamas war affected Israel's ties with Egypt and Jordan, both of which have peace treaties with Israel. Egypt, which borders Israel and Gaza, has a complicated relationship with Hamas, a Muslim Brotherhood offshoot. Egypt helped the Palestinians with aid and medical care, but is wary of Israeli pressure to take over Gaza. Jordan, which hosts over two million Palestinian refugees, is involved in the disputes over the Temple Mount, an Islamic holy site. Egypt and Jordan urged an end to the war, fearing a regional disaster.

The war also had economic and logistic impacts on the region and the world. The war cost the Israeli economy \$600 million a week and the Palestinian economy \$1.5 billion in total. The war disrupted the supply chains and trade flows, increased the transportation costs and risks,

and damaged the infrastructure and assets. The war also affected the global economy by raising the oil prices, triggering inflation, and threatening a recession. The war posed challenges for the logistics sector, such as geopolitical tensions, security concerns, regulatory hurdles, and cultural and language differences. However, the war also created opportunities for the logistics sector, such as the strategic location of the Middle East, the growing consumer market, the investment in technology, the free trade zones, and the e-commerce boom.

3.3.2. Strategies Employed by Companies

The Israel-Hamas war in 2023 sparked a wave of responses from many major companies around the world. Some of them publicly condemned the violence and expressed their solidarity with the people in the region. They also donated millions of dollars to humanitarian organizations that were providing aid and relief to the victims of the war. The war not only caused immense human suffering, but also had severe impacts on the global economy and trade.

The sector that faced the most challenges was the logistics industry, which had to cope with the increased risk of attacks by the Houthi rebels in Yemen. The Houthis, who are backed by Iran and oppose the Saudi-led coalition that supports the Yemeni government, intensified their activities in response to the Israeli blockade of Gaza. They launched missiles, drones, and speed boats at ships passing through the Red Sea, especially those that were linked to Israel or its allies. As a result, some shipping companies, such as FedEx and UPS, suspended their services in and out of Israel and other parts of the region, citing security concerns. Others rerouted their cargo through alternative routes, such as the Suez Canal or the Mediterranean Sea, to avoid the danger zone. This strategy, however, affected the delivery time and cost of the shipments, as well as the security and reliability of the supply chain.

4. Implications for Vietnam's logistic

4.1. Impact assessment on Vietnam

4.1.1. Effect on logistics providers

The disruption in diplomatic and economic ties poses a direct threat to the seamless flow of logistics operations. Potential financial losses, obstacles in trade routes, and slowdowns in economic activities are particularly worrisome for logistics providers. The negotiation of the Vietnam-Israel Free Trade Agreement (VIFTA), officially signed in July 2023, adds complexity and unpredictability to logistics planning. The altered agreement terms may require logistics providers to reassess and adapt their strategies to navigate the changing landscape.

Specifically, in the electronics sector, disruptions in the semiconductor supply chain pose a direct threat to the logistics involved in the transportation and delivery of electronic components. Delays and increased costs may impact the efficiency and profitability of logistics operations. In addition to electronics, the agriculture industry's challenges in the flow of cashews and coffee exports directly affect logistics providers specializing in the transportation of agricultural goods. Collaborations in the defense and semiconductor industries, crucial for logistics providers, may face delays in technology transfer, impacting the logistics planning for these sectors and potentially hindering growth.

Phuc Sinh Group, a leading agricultural product exporter in Vietnam, stated that since the

tensions, sea freight rates have increased rapidly. Currently, sea freight rates from Vietnam to the United States have increased by over 100%, from nearly \$2,000 to \$4,500 - \$5,000 per container; to the Middle East region, specifically Israel, rates have increased by over 200%, from \$1,800 to \$6,000 - \$7,000 per container, goods from Vietnam to the EU market have increased from \$600 to \$4,000 per container.

4.1.2. Effect on oil price

The Israel-Hamas conflict significantly impacts global oil prices, affecting nations, including Vietnam. Despite not being a major oil producer, Israel's geopolitical importance led to a 4% increase in oil prices by October 13 2023, with further escalation expected due to the Middle East's role as a major global oil supplier. Vietnam, part of the global economy, faces challenges with rising oil prices, influencing energy costs and potentially causing inflationary pressures. The National Bank of Vietnam grapples with challenges from the sudden surge in global oil prices, and the conflict may lead to individuals favoring assets like USD, impacting the exchange rate between the Vietnamese dong and USD, adding complexity to the financial landscape. The conflict is also anticipated to heighten global economic defense mechanisms, resulting in reduced consumer demand. This reduction, coupled with the increase in oil prices, poses a potential risk to Vietnam's exports, disrupting the recent economic recovery.

4.2. Comprehensive Evaluation: Logistics disruption

Crucial shipping routes and ports in the Middle East, essential for global trade, have been disrupted by the conflict. Given Vietnam's heavy reliance on maritime trade, the consequences are palpable. The potential delays and increased transportation costs for exports directly hamper the efficiency and cost-effectiveness of international trade. Recent data indicates a notable 15% increase in shipping costs for Vietnamese exports, a consequence of the conflict-induced disruptions, intensifying the economic strain on Vietnam.

In addition to the immediate economic consequences, the conflict disrupts the availability of electronic goods both within Vietnam and globally, stemming from logistical challenges. This introduces hurdles in meeting demand, affecting both consumer markets and export capabilities. This situation underscores the diverse challenges confronting Vietnam's technology sector within the realm of logistics.

The conflict raises concerns about the stability of the International North-South Transport Corridor (INSTC), impacting Vietnam's trade and logistics. It prompts a reassessment of operations in Vietnam's maritime shipping industry, affecting the Suez Canal route and necessitating adjustments to mitigate potential risks specific to Vietnam.

4.3. Lessons for Vietnam's logistics sector

The Israel-Hamas conflict provides vital insights for Vietnam's logistics industry, emphasizing proactive management of regional conflicts.

In order to effectively manage potential disruptions within Vietnam's logistics sector, it's imperative for logistics providers to employ comprehensive risk mitigation strategies. This involves identifying potential risks, assessing their potential impact, and developing proactive measures to minimize their effects. By doing so, companies can enhance their resilience and ensure continuity of operations in the face of various challenges. One key aspect of risk

mitigation involves diversifying transportation routes. Relying on a single transportation route can leave logistics providers vulnerable to disruptions. By diversifying routes, companies can reduce their dependence on any single mode of transportation or geographic corridor, thus spreading the risk and enhancing flexibility in response to unforeseen events. Therefore, when signing contracts with customers and partners, careful consideration is encouraged to anticipate these issues and incorporate clear terms into contracts, specifying responsibilities in case of such occurrences.

Moreover, closely monitoring geopolitical developments is essential for staying ahead of potential disruptions. This may involve rerouting shipments, renegotiating contracts, or seeking alternative suppliers to mitigate potential disruptions. This requires agility and flexibility in adjusting logistics operations in real-time to minimize disruptions and maintain service levels. Whether it's deploying backup plans, reallocating resources, or leveraging technology for real-time tracking and coordination, logistics providers must be prepared to adapt swiftly to changing circumstances. On the other hand, insurance serves as a crucial tool for risk mitigation. Businesses should research and understand the principles of acquiring suitable insurance to minimize potential losses.

The integration of advanced technologies plays a crucial role in enhancing operational efficiency and fostering adaptability in the logistics sector. Technologies such as real-time tracking systems, Internet of Things (IoT) devices, artificial intelligence (AI), blockchain, and predictive analytics enable stakeholders to monitor, analyze, and optimize various aspects in real-time. AI-powered predictive analytics can forecast demand, optimize routing and scheduling, and identify potential risks, enabling logistics companies to make data-driven decisions and adapt quickly to changing market conditions.

Finally, facing challenges from the increased freight rates from multinational logistics operators (MLO). To enhance Vietnam's international container transport capabilities and reduce long-term dependence on MLOs, the domestic logistics sector needs to set a goal of developing the Vietnamese maritime fleet and the supply system for refrigerated containers. To achieve this, a long-term policy is crucial for investing in an international maritime fleet bearing the Vietnamese brand. Only then can we be proactive in addressing such instability issues.

Conclusion

The 2023 Israel-Hamas conflict has significantly impacted global logistics, especially affecting Vietnam's logistics sector. Rooted in the complexities of the Middle East, the conflict disrupted economic activities and logistics networks globally.

Recent events highlight the disruptive impact of regional wars, which create economic and logistical issues beyond the local conflict zone. The brief increase in global energy prices demonstrates the interdependence between geopolitical events and energy supply chain operations. The influence on global freight costs indicates vulnerabilities in logistics networks during times of high geopolitical risk. Diverse techniques used by organizations demonstrate flexibility in the face of such challenges.

For Vietnam, the implications are substantial, affecting logistics providers engaged in trade and investment with Israel. The altered dynamics of the Vietnam-Israel Free Trade Agreement

add complexity, necessitating a reassessment of strategies. Navigating these challenges requires proactive risk mitigation, including diversifying transportation routes and embracing advanced technologies. Collaboration, information sharing, and diplomatic advocacy are crucial for enhancing the resilience of Vietnam's logistics ecosystem.

As the Israel-Hamas conflict highlights the intricate interplay between geopolitical events and global logistics, Vietnam's logistics industry must remain agile, adaptive, and engaged in international dialogue to mitigate disruptions and contribute to the long-term stability of global logistics networks.

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