

May 2026

Oil Crisis 2026: Food & Beverage Briefing

How global energy disruption is reshaping costs, inputs and supply chains for food and beverage businesses

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Agenda

- Oil crisis & fuel market dynamics
- Impact on food & beverage supply chains
- Disruption scenarios for the F&B sector
- Financial resilience & risk transfer considerations – Impacts on insurance
- Recommended actions
- Questions and answers



Fuel market dynamics

- Australia relying on spot market fuel procurement to fill gaps in supply.
- Singapore Gasoil 10ppm at USD178/bbl vs WTI crude at USD107 (30 April 2026).
- Diesel and jet fuel most exposed - critical for F&B transport, cold chain and logistics.
- Structural volatility, not temporary disruption.



F&B Disruption scenarios

1. Fuel supply constraints
2. Petrochemical disruption
3. Specialty gas supply disruption



1. Fuel supply constraints

- Spot market procurement creates uncertainty for cost and supply.
- Structural cost increases. I.e. The Fair Work Amendment (Fairer Fuel) Act 2026
- Escalation risks if conflict re-intensifies. I.e. infrastructure directly targeted and/or Red Sea shipping routes disrupted
- May trigger further Government intervention under the National Fuel Security Plan.



2. Petrochemical disruption

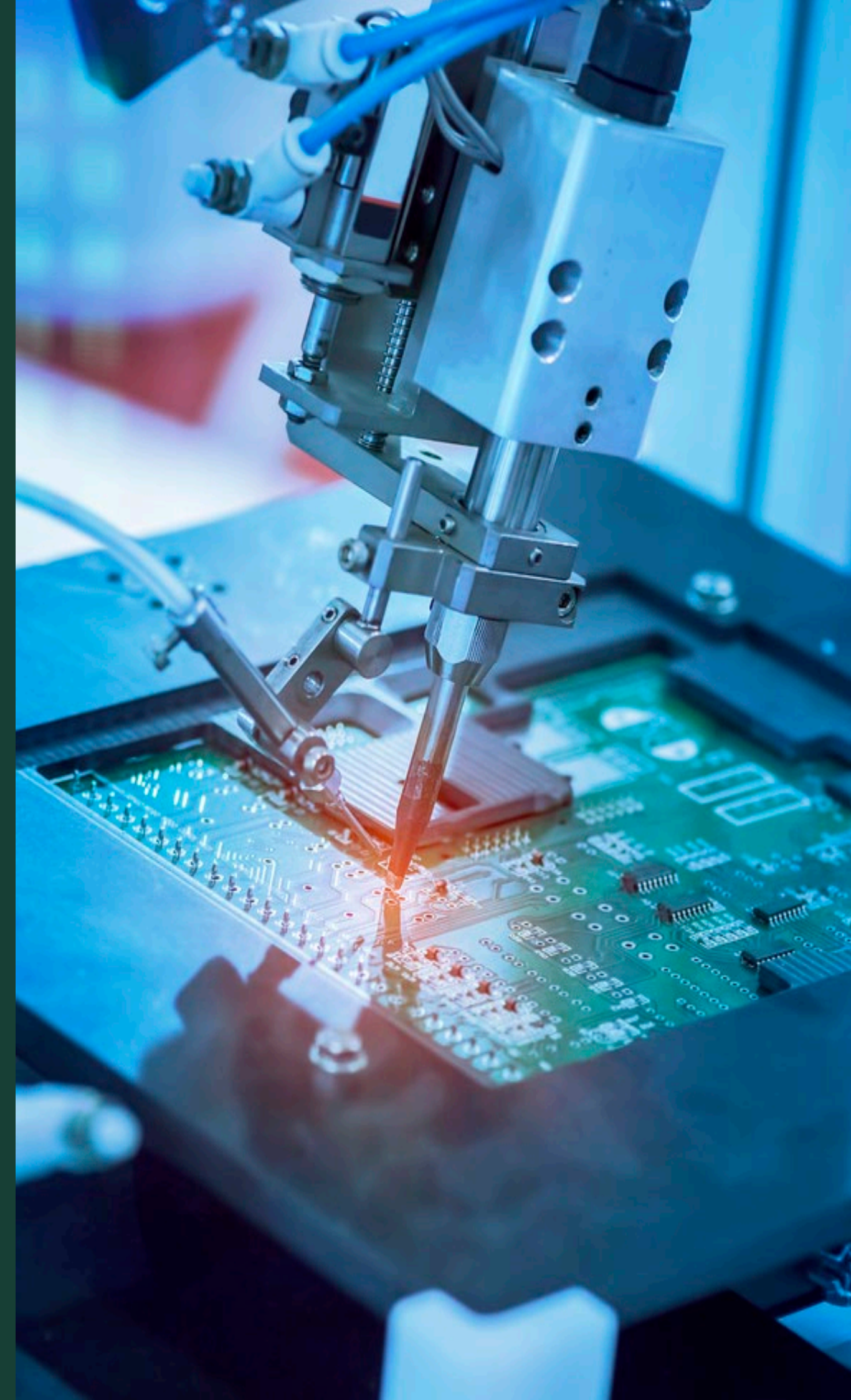
- Inventories across key inputs tightening:
 - Fertilisers.
 - Packaging materials and food-grade plastics.
 - Cold chain, refrigerants and transport fuel.
 - Rising freight, logistics and input costs.
 - Other second-order impacts.
- Margin compression from sustained fuel and petrochemical cost increases.



3. Specialty gas supply disruption

Gulf is a major source of LNG-linked industrial gases:

- Higher costs and delays for semiconductors and electronics.
- Allocation risk prioritising critical sectors and major buyers.
- Delays to IT, cloud and AI infrastructure deployment.
- Greater reliance on constrained global suppliers.



Economy-wide cost escalation

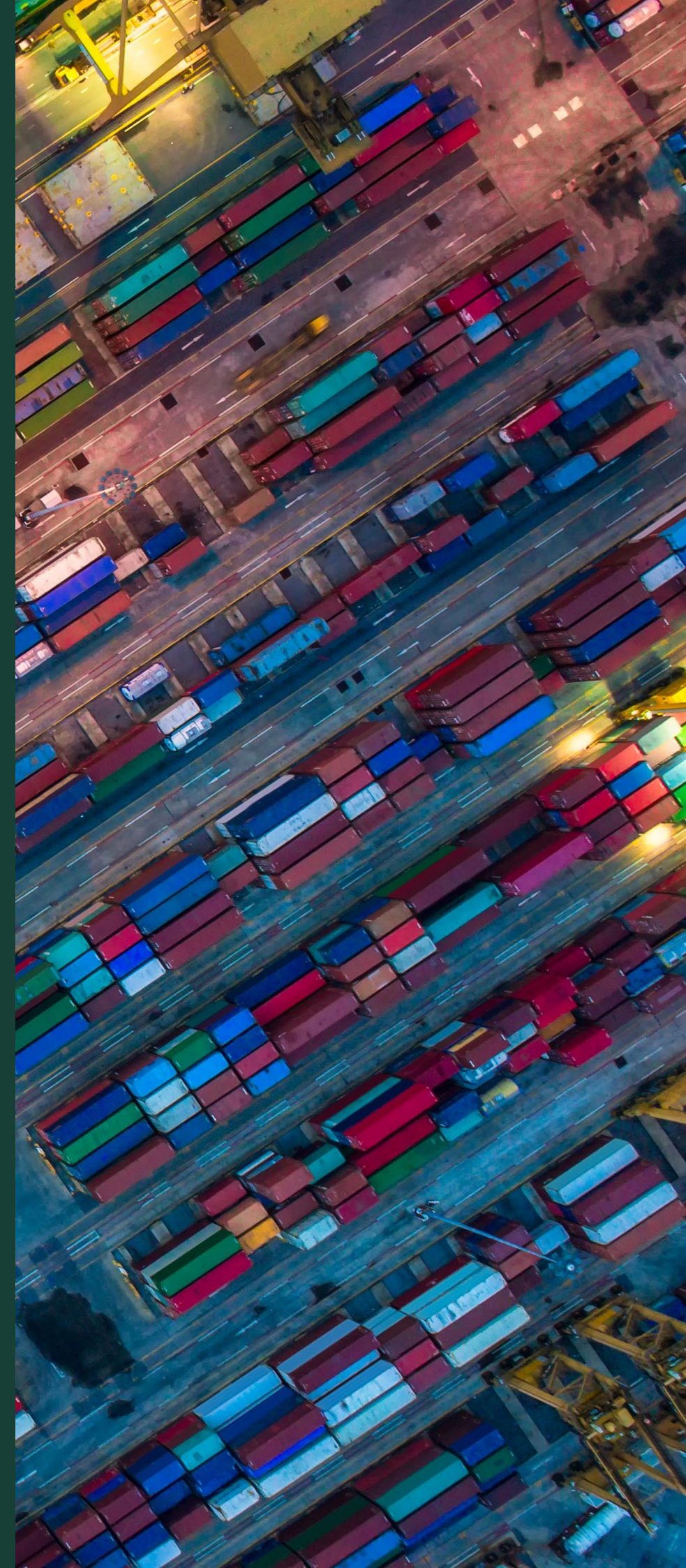
- Australia is entering a prolonged period of energy and economic volatility.
- Cost pressures are becoming embedded across the economy.
- Inflation is driving ongoing margin compression for businesses.
- Potential for recession increasing.



Financial resilience & risk transfer

Fuel Supply Constraints

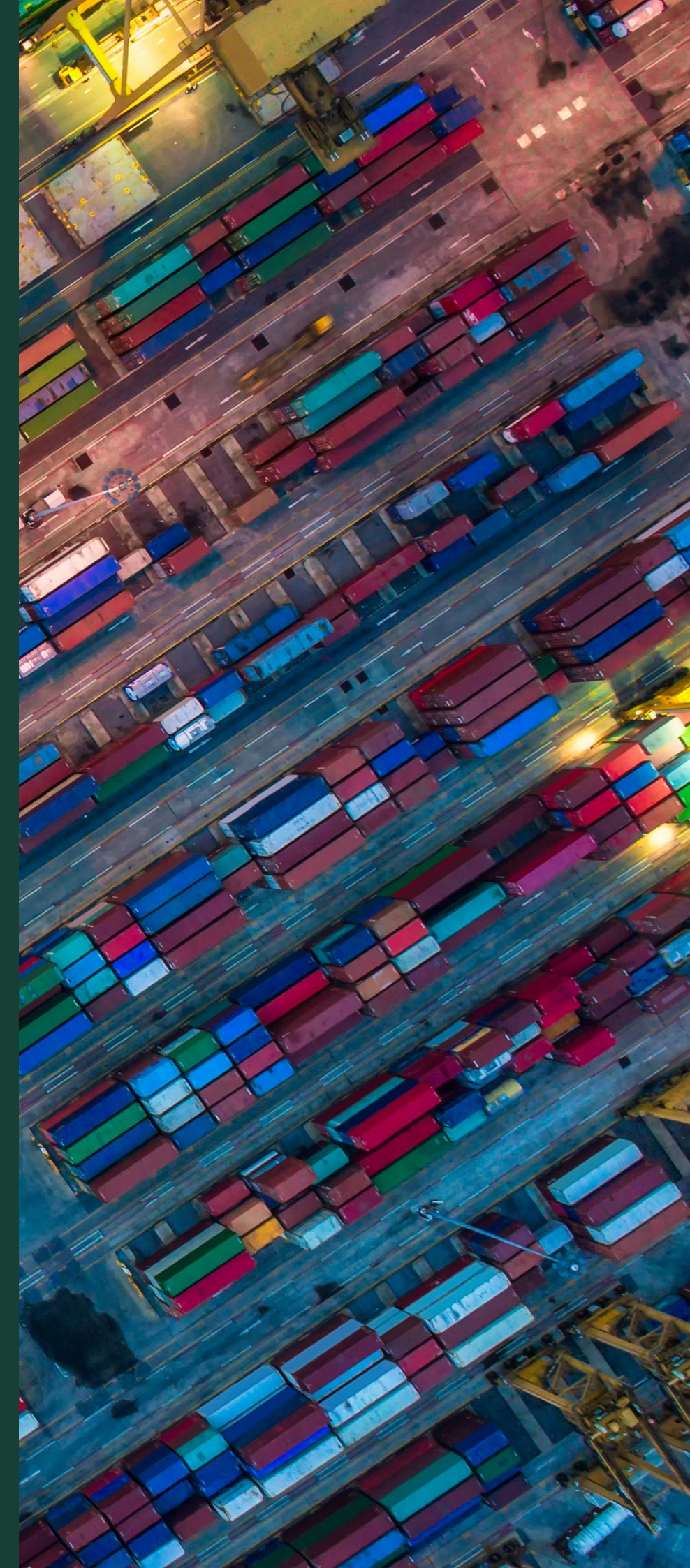
- Alternative forms of transit – Rail vs road, Sea vs Air – Changing transit risk.
- Static risk implications - holding / stockpiling finished goods.
- Ordering / storage of inventory / ingredients – larger orders to secure supply. Use of additional warehousing and 3PL facilities.
- Upended supply chains – i.e. Abattoir kill rates have spiked as produces sought to mitigate transport costs and push animal into abattoirs before fuel spiked – pressure on processing plants capacity, equipment and labour.



Financial resilience & risk transfer

Petrochemical disruption

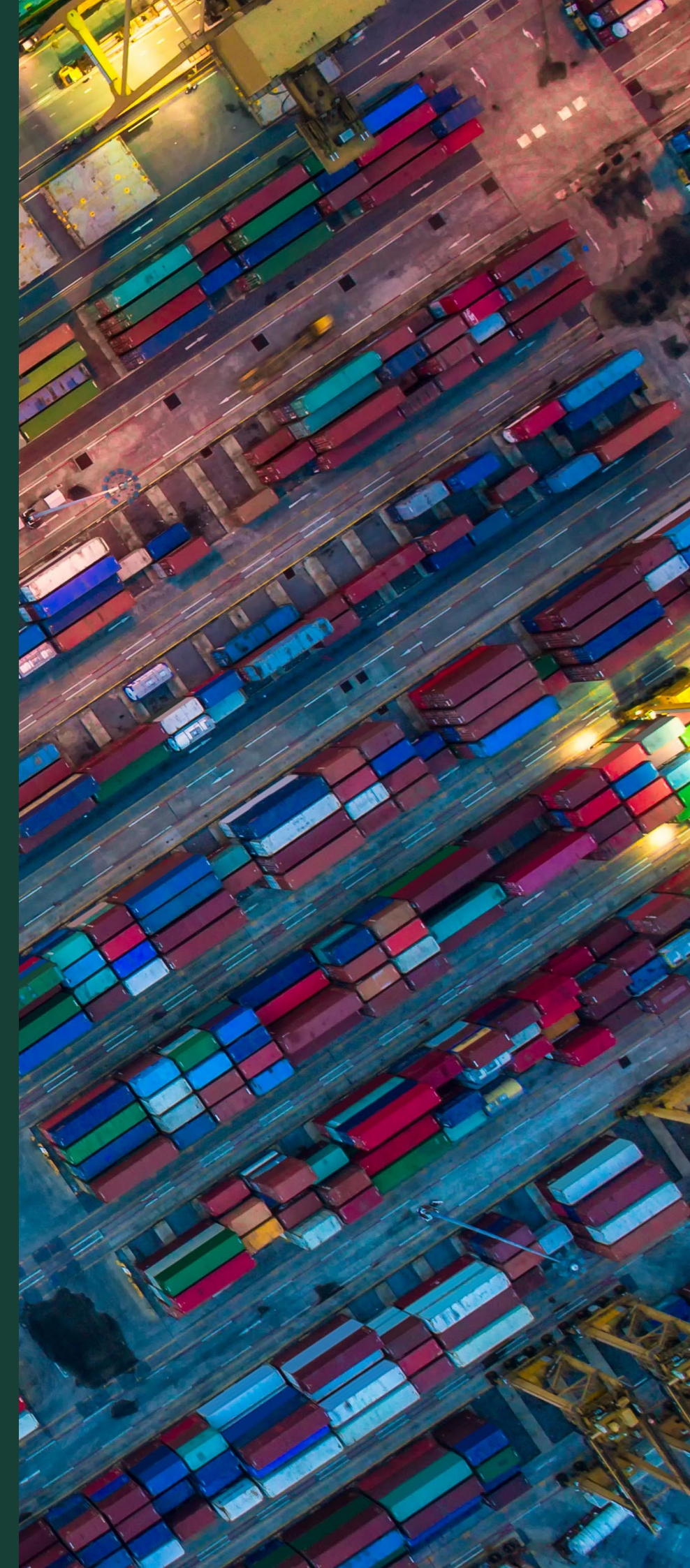
- Packaging alternatives – risks include quality and durability / PFAS / reduced supply chain visibility.
- Product and packaging contamination due to utilisation of substitute materials as a result of supply scarcity.
- Legislative - regulation diluted to allow for alternative supply to be sourced.
- Need for greater new supply channels due diligence, incl. testing & traceability.



Financial resilience & risk transfer

Specialty gas supply disruption

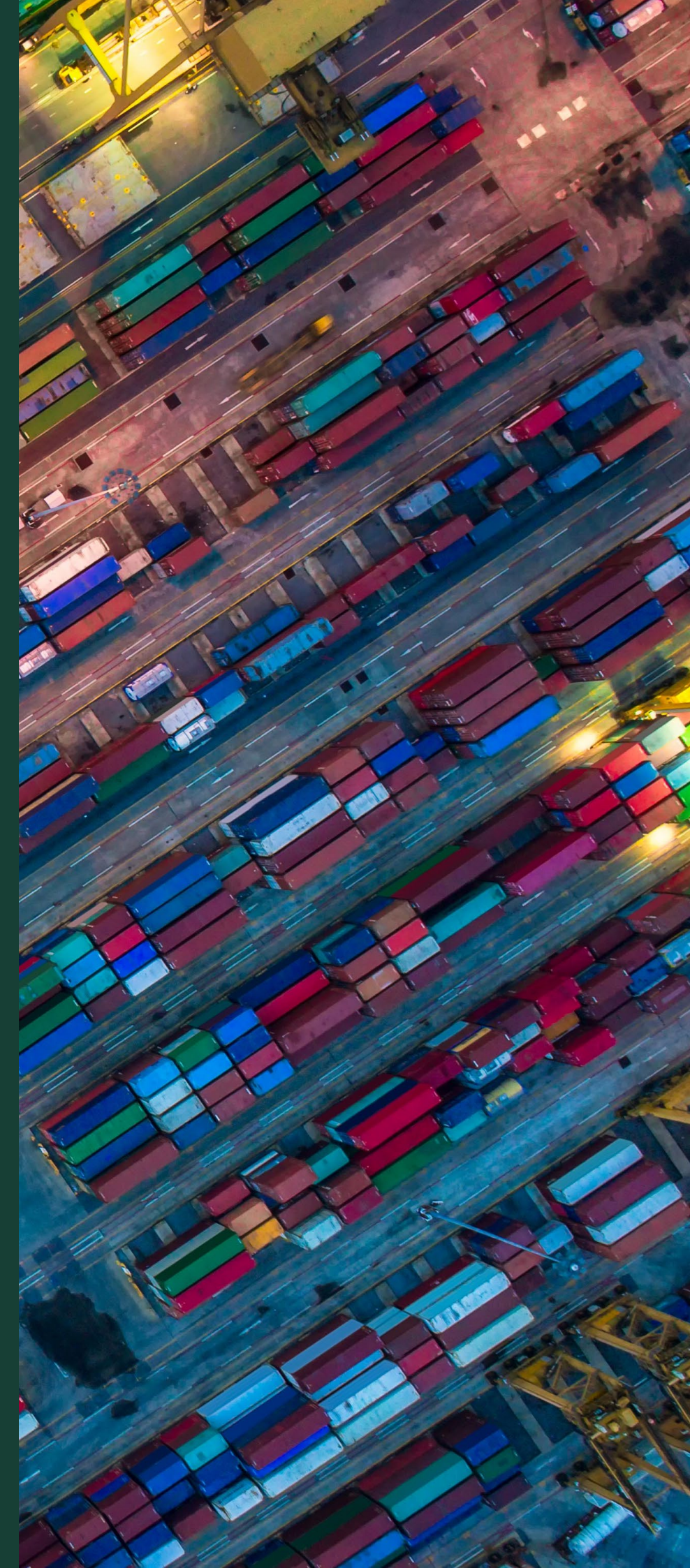
- Move to alternative forms of energy – solar.
- BCP considerations.
- Semiconductor shortages & Allocation prioritising can result in:
 - Machinery Breakdown and BI losses from equipment failure.
 - Cyber Insurance – constrained infrastructure leading to increased risk.



Financial resilience & risk transfer

Economy wide Cost Escalation

- Current challenges have impacted insurance policies.
- Changing purchasing behavior.
- Increased risk of insolvency / bad debts.
- Contract negotiation – Can risk be transferred back to suppliers for transit risk?
- Impact on goods in transit – is War coverage required?
- Supplier failure / port closure / Cold Chain Interruption.
- Rising costs have impacted Asset replacement values and Business Interruption exposures



Recommended actions

- Monitor fuel, freight and petrochemical pricing and supplier conditions.
- Stress test budgets for sustained prices rises in fuel, fertiliser, packaging & logistics.
- Map petrochemical dependencies.
- Engage key suppliers on contingencies, lead times and allocation risk.
- Review pricing and cost recovery mechanisms with customers and contracts.
- Embed these scenarios into business continuity and supply chain resilience plans.
- Diversify suppliers and increase inventory buffers for critical inputs.

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Questions and answers

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