GI **INSIGHTS REPORT**

ENERGY MARKETS OUTLOOK

Port of Fujairah
ميناء الفجيرة
Port of Fujairah
United Arab Emirates

THE NEW ORDER OF DISORDER: Inside the Fragmented World of Global Commodity Trading

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Trading Without Rules: How Commodity Markets are Adapting to a Fractured Global Order

As the international rules-based order disintegrates, commodity trading is being reshaped by sanctions, tariffs, and the rise of state-backed NOC trading firms. In this fractured landscape, adaptability, digital intelligence, and strategic cooperation, not multilateral law, now define success. Traders who combine agility with trusted partnerships will thrive amid perpetual volatility.

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The End of Rules, the Rise of Agility

The international trading system built around the World Trade Organization and multilateral law is eroding before our eyes. Once the guarantor of predictable market behavior, the rules-based order has been replaced by a patchwork of unilateral sanctions, tariffs, and opaque compliance regimes that shift overnight. For commodity traders, this environment presents both dangers and arbitrage opportunities.

Adaptability has become the new anchor of success. The traders best equipped to survive are those who combine agility with deep situational awareness, rapidly recalibrating routes, hedging exposures, and rewriting risk models in real time. Compliance, once a box-ticking exercise, has evolved into a frontline discipline. Firms are now embedding legal analysts beside traders to anticipate regulatory turns before they hit the market. Defensive positioning, holding optionality across freight, storage, and grade, is replacing long-term predictability. In a world of binary policy shifts, flexibility equals survival.

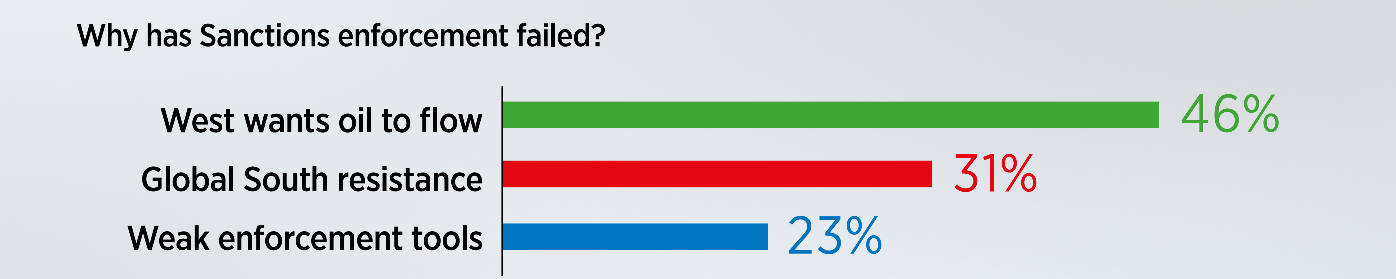
At the heart of this transformation lies a simple truth: the market now rewards speed over scale. Those who can see disruption before it's official, whether through data analytics, political risk mapping, or AI-driven intelligence, will capture the arbitrage margins that once belonged to incumbents. The new frontier of trading is not defined by geography, but by reaction time.

Trading in the Shadows: Fragmented Flows and the Rise of Parallel Markets

Geopolitical confrontation has fragmented energy markets into multiple tiers. Sanctions on Russian oil, price caps, and export bans have spawned a "clean" and "dark" economy of trade, one governed by transparency and regulation, and another by necessity and risk. The so-called shadow fleet, operating outside traditional insurance and legal frameworks, has become a crucial link in this parallel system. These vessels, often untraceable and underinsured, now carry millions of barrels daily, a hidden network born from policy contradictions.

While critics decry the dangers, environmental, safety, and ethical, others see inevitability. When legitimate logistics are blocked, markets improvise. The growth of these gray and black channels shows that commodity trade, like water, finds its level. Yet this improvisation comes with long-term systemic risks. Unregulated shipping creates "moving bombs" at sea, eroding trust in maritime safety and complicating insurance, financing, and carbon accountability.

Sanctions have also redrawn global flows. Oil and LNG are increasingly pulled eastward, toward Asia's vast demand hubs in India and China. Western economies now prize transparency and "clean barrels," while the East captures discounted supply. This bifurcation has birthed a two-speed market, one driven by moral licensing, the other by economic realism.



NB. Survey was conducted with 300 global energy market stakeholders on Oct. 2nd, 2025

In this environment, volatility is no longer episodic; it is structural. Each new sanction, tariff, or political rupture triggers a new chain of price distortions. But traders are adapting. Benchmarks such as Brent, WTI, and Dubai remain robust reference points, continuously evolving to reflect the new geometry of trade. Arbitrage has become both a discipline and an art form, identifying value in fragmentation, not uniformity.

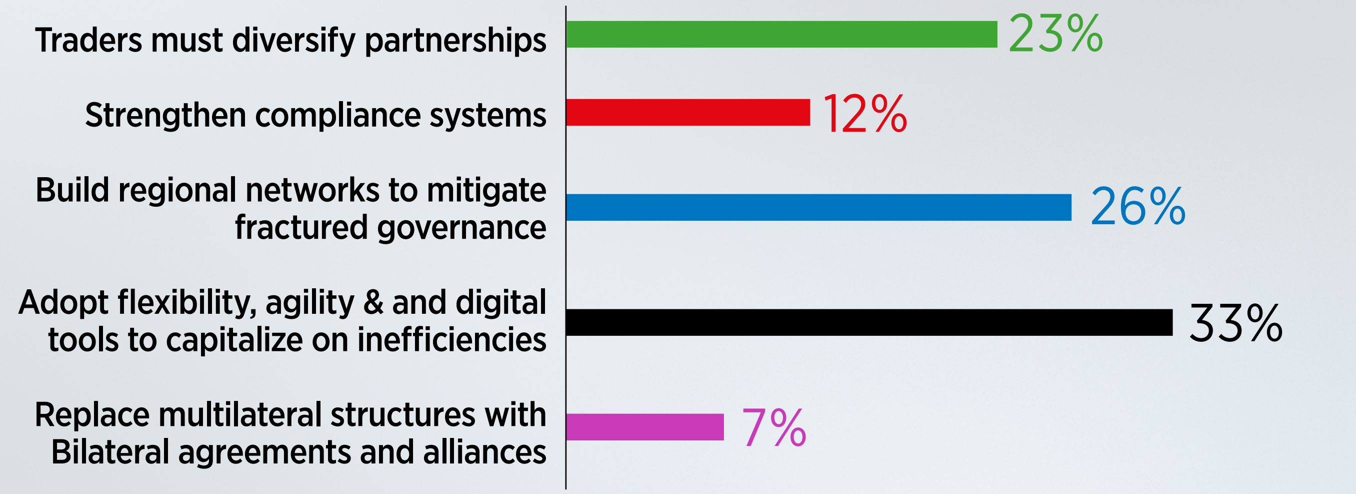
State Traders Ascendant: How NOCs Are Rewriting the Rules of Competition

One of the most profound shifts in today's commodity landscape is the emergence of National Oil Company (NOC) trading firms as global competitors. Over the past decade, state-backed entities such as Aramco Trading, ADNOC Trading, and KPC Trading have transitioned from marketing extensions of their upstream operations into fully fledged commercial trading houses.

Armed with sovereign balance sheets, access to state production, and government-to-government leverage, these new entrants operate in a different strategic dimension than private traders. While traditional independents like Vitol, Trafigura, and Glencore rely on risk capital and agility, NOCs can pair commercial flexibility with diplomatic muscle, an advantage in navigating sanctions, securing market access, and forging bilateral deals that independents cannot replicate.

This realignment is redefining the structure of the global market. NOCs are no longer content to sell crude at the wellhead; they are building integrated portfolios spanning refining, petrochemicals, shipping, and retail. Kuwait Petroleum Corporation's new trading arm mirrors earlier moves by Aramco and ADNOC, leveraging refining expansion to control more of the value chain. By embedding refining and downstream assets abroad, particularly in Asia, these state traders ensure secure outlets for their barrels and hedge against future demand decline.

What is the most important strategy for traders to adopt to thrive in a fragmented world without a functioning WTO framework?



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Yet this rise also challenges the independents who once dominated global flows. The commercial space is narrowing as NOCs internalize activities that used to be outsourced. Independents must now specialize, focusing on agility, niche markets, and sophisticated risk-taking where bureaucratic players cannot move fast. At the same time, a cooperative dimension is emerging: NOCs increasingly partner with independents for swaps, logistics, and expertise in risk management. The future may thus belong not to rivalry but to hybrid collaboration between state-backed stability and private innovation.

Cooperation, Technology, and the New Foundations of Market Resilience

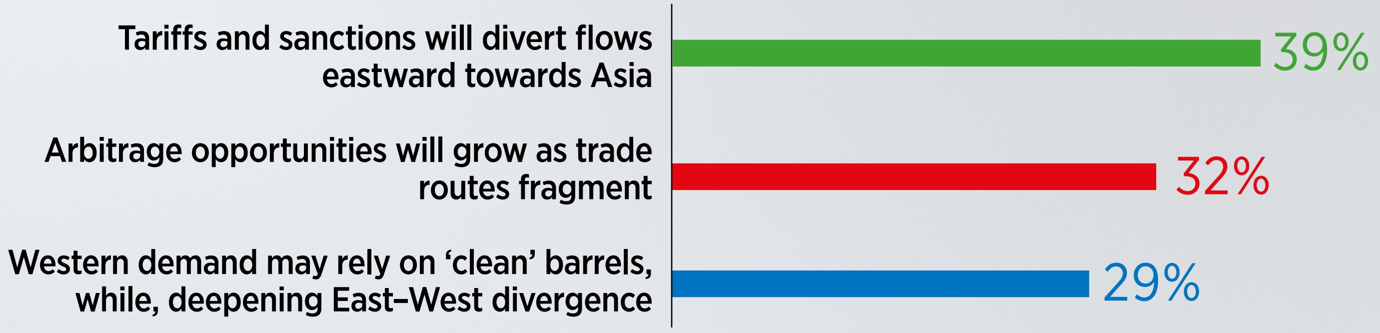
If the past decade was about scale, the next will be about connectivity. In a world fragmented by politics but united by data, traders who build networks, both digital and human, will lead. Strategic alliances, storage sharing, and flexible joint ventures are becoming the new architecture of resilience.

Artificial intelligence is the most transformative tool in this landscape. Early adopters have already integrated AI to track vessel movements, model sanction impacts, and forecast arbitrage spreads before they become visible. For trading houses, especially NOCs catching up to the digital revolution, AI is no longer optional. Those who fail to embed machine learning into trading and compliance processes risk falling permanently behind.

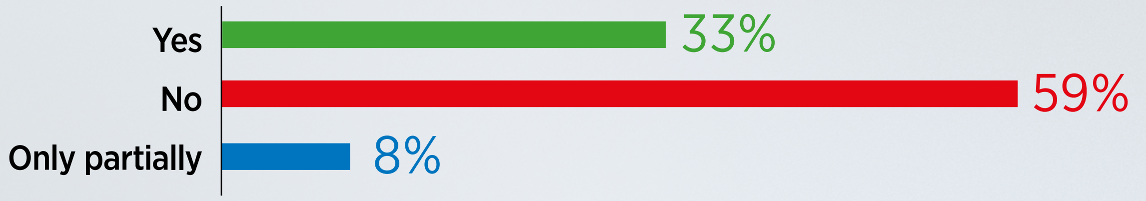
Ultimately, the global commodity system is proving astonishingly resilient. Despite broken treaties, embargoes, and tariffs, 100 million barrels of oil still move every day. Trade adapts, reconfigures, and reinvents itself faster than politics can constrain it. Yet the cost of resilience is complexity. The invisible web of bilateral trust, digital analytics, and ad hoc partnerships now holds together what institutions no longer can.

The challenge for traders, state-owned or independent, is to balance ethics with pragmatism, sovereignty with interdependence, and speed with discipline. In a fractured world, the market's new order is not dictated by law but by behavior. The rulebook has been rewritten, but the game goes on. ■

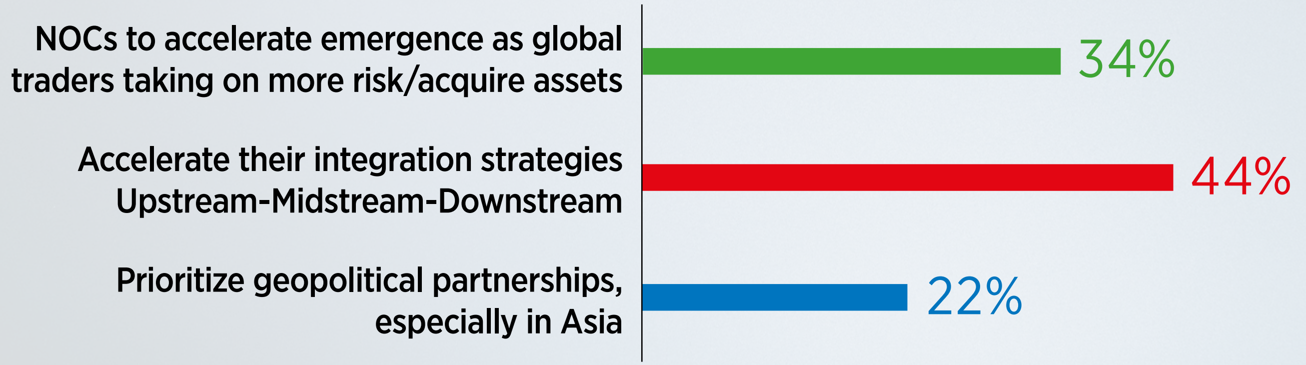
How will escalating tariffs & sanctions reshape global oil and LNG trade flows the most in 2026?



Can bilateral and regional trade agreements replace multilateral governance for energy markets?



How will Middle East NOC Trading firms adapt global expansion plans in a world of shifting rules and alliances?



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TOP 20 INSIGHTS

How Commodity Traders Can Navigate a Fragmented World Where Global Rules Are Breaking Down

1. Adaptability Over Orthodoxy

The breakdown of the rules-based order has made adaptability the new cornerstone of trading. Success now hinges on flexibility, agility, and an openness to recalibrate commercial models. Traders who anticipate shocks and respond to new regulatory realities faster than their peers will capture opportunity where rigid systems falter.

2. Compliance Becomes a Core Competitive Edge

With sanctions and tariffs emerging overnight, compliance is no longer administrative — it's strategic. Leading firms are embedding regulatory forecasting into trading desks and building direct channels with governments to pre-empt policy shifts. Those who can interpret legal gray zones swiftly will protect margins and preserve credibility.

3. Defensive Postures Mitigate Binary Risks

Markets now swing on binary political outcomes, whether an EU sanction is adopted or a tariff withdrawn. Traders have learned to operate defensively, holding flexible positions, diversifying exposures, and retaining optionality across routes and grades. Risk resilience today depends on positioning for volatility rather than predicting stability.

4. Relationships Replace Institutions

In the absence of a functioning WTO, the foundation of trade is now bilateral trust. Dispute resolution increasingly occurs through relationship capital, not international arbitration. Traders who invest in reputational strength and counterpart reliability are better equipped to operate where contracts and legal institutions can no longer be relied upon.

5. Arbitrage Thrives in Fragmented Markets

Disruption is the fuel of arbitrage. As trade routes fracture and pricing benchmarks diverge, arbitrageurs can extract exceptional margins by bridging dislocated markets. Identifying inefficiencies caused by sanctions, freight mismatches, or pricing asymmetries is becoming the principal driver of profitability in an otherwise uncertain trading landscape.

6. Sanctions Create Parallel Market Systems

The rise of "clean," "gray," and "dark" barrels has permanently split the energy trading ecosystem. The so-called dark fleet, born from sanctions, has become an unregulated alternative logistics network. Its persistence highlights how political interference has hardwired a dual global market with different pricing, insurance, and compliance realities.

7. Shadow Fleets Pose Systemic Risk

The unregulated growth of shadow fleets presents grave safety and environmental risks. Their opaque ownership, poor maintenance, and limited oversight make them "moving bombs." Left unchecked, they threaten not only maritime security but also insurance and financing frameworks essential for legitimate global energy trade. Regulation must eventually catch up.

8. Eastward Diversion of Energy Flows

Sanctions are accelerating an eastward reorientation of global oil and LNG flows. India and China have emerged as major beneficiaries of discounted Russian barrels, deepening an Asia-centric trading network. Western buyers increasingly seek traceable "clean" cargoes, reinforcing a bifurcated market shaped by geopolitics rather than economics.

9. Volatility Is the New Normal

Commodity markets have transitioned from cyclical volatility to structural turbulence. The constant interplay of sanctions, tariffs, and supply rerouting creates a market environment where uncertainty is permanent. Successful traders now prioritize scenario modeling, data analytics, and speed of execution over long-term predictability.

10. Multilateralism Still Matters for Efficiency

While bilateral deals offer tactical advantages, only multilateral frameworks ensure liquidity and transparent pricing. A global market based solely on bilateral ties risks inefficiency, reduced competition, and diminished market depth. Restoring cooperative governance remains vital for sustaining a level playing field in commodity trade.

11. NOCs Are the New Power Brokers

National Oil Companies are emerging as influential trading houses, combining state-backed access to resources with commercial agility. Entities like Aramco Trading, ADNOC Trading, and KPC Trading bring government-to-government leverage that independents cannot match, allowing them to navigate sanctions and market disruptions with unique diplomatic and logistical advantages.

12. NOC Expansion Redefines Market Competition

The rise of NOC trading arms has redrawn the competitive map. Backed by national reserves and geopolitical relationships, these players are accelerating into global markets, integrating refining, storage, and shipping to capture full value chains. Their growth challenges independents to innovate, specialize, or partner to maintain relevance.

13. NOCs and Independents Can Coexist Symbiotically

Rather than displacing independent traders, NOCs often collaborate with them through swaps, joint ventures, and logistics partnerships. These hybrid models enhance efficiency, spread risk, and deepen market connectivity, illustrating how cooperation across public and private domains can stabilize trade amid global uncertainty.

14. Trust-Based Norms Anchor Fragmented Markets

In a fractured trading ecosystem, informal norms and mutual trust serve as the invisible framework of commerce. Reliability, reputation, and continuity of delivery now matter more than adherence to any formal global code. Traders with strong counterparty relationships become the de facto enforcers of stability and order.

15. Benchmarks Remain the Market's Compass

Even amid distortion, global pricing benchmarks such as Brent, WTI, and Dubai continue to provide essential signals for risk management. Their resilience under stress proves that market-based systems, not political decrees, still determine value. Traders rely on them as the ultimate anchor of price discovery.

16. Arbitrage and Benchmarks Evolve Together

As regional fragmentation widens spreads, benchmarks are adapting dynamically, reflecting changing trade routes and localized liquidity pools. Traders who align strategies with emerging markers can identify new arbitrage windows faster, securing profits where legacy benchmarks lag behind geopolitical reality.

17. Integration Across the Value Chain Builds Resilience

Vertical integration across upstream, midstream, and downstream shields traders from supply shocks and price swings. NOCs are increasingly embedding petrochemical and refining capacity within their global footprint, reducing exposure to external disruptions while deepening control over value creation. Integration equals insulation in volatile times.

18. Partnerships Secure Access and Optionality

Strategic alliances and joint ventures, particularly in Asia and Africa, are becoming the backbone of risk-managed expansion. Whether through shared storage, financing, or marketing, partnerships ensure market access and create optionality in an environment where political barriers can change overnight.

19. AI Is Becoming the Trader's Edge

Artificial intelligence is now the most transformative force in trading. From predictive modeling to compliance automation and freight optimization, AI enables faster, smarter decisions. Traders and NOCs adopting AI early can locate "alpha" in real-time, identifying hidden risks, optimizing arbitrage, and anticipating market sentiment ahead of competitors.

20. Cooperation Is the Ultimate Resilience Strategy

In a multipolar trading order, collaboration trumps isolation. Swaps, shared logistics, and cross-border alliances reduce risk exposure and ensure continuity of supply. Traders that prioritize cooperation, not confrontation, will be best placed to navigate an era defined by disruption, fragmentation, and political unpredictability. ■

Top 5 Immediate Recommended Policy Actions to help stabilize international commodity trading:

1. ESTABLISH A GLOBAL SANCTIONS COORDINATION MECHANISM

Unilateral and inconsistent sanctions are fragmenting trade flows and distorting markets. Governments should coordinate through a joint sanctions clearing mechanism, a platform to align enforcement timelines, clarify exemptions for essential commodities, and minimize unintended disruptions to energy and food security. Predictability in sanctions policy will reduce price volatility and shadow trading.

2. INTRODUCE TRANSPARENCY AND OVERSIGHT FOR THE SHADOW FLEET

The unregulated "dark fleet" moving sanctioned oil poses major environmental and safety risks. Policymakers should mandate international vessel registration, tracking, and insurance standards for tankers carrying sanctioned or high-risk cargoes. A G20-backed maritime monitoring task force could ensure transparency and prevent accidents that destabilize legitimate trade.

3. REINFORCE MULTILATERAL TRADING NORMS THROUGH REGIONAL HUBS

With the WTO paralyzed, governments should strengthen regional commodity trading hubs, like Fujairah, Singapore, and Rotterdam, as rule-based anchors for transparent pricing, arbitration, and dispute resolution. Regional frameworks can restore trust, support fair access for smaller economies, and serve as building blocks toward renewed global multilateralism.

4. PROMOTE PUBLIC–PRIVATE PARTNERSHIPS FOR DIGITAL COMPLIANCE AND AI INTEGRATION

Governments and trading companies should co-develop AI-powered compliance platforms capable of real-time sanctions monitoring, vessel tracking, and risk analytics. Shared data infrastructure between regulators and industry would improve enforcement accuracy while reducing administrative burdens, enabling smoother commodity flows even amid shifting regulatory environments.

5. INSTITUTIONALIZE DIALOGUE BETWEEN NOC TRADING FIRMS AND INDEPENDENT HOUSES

The rise of NOC trading arms offers both opportunity and risk. Policymakers should facilitate structured engagement forums between state-owned and independent trading entities to coordinate on transparency, market conduct, and crisis management. Collaboration can prevent state-backed overreach, sustain liquidity, and preserve open competition in a multipolar trading system.

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