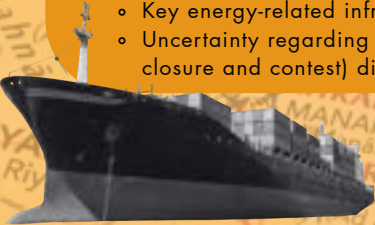


# IMPACT OF THE MIDDLE EAST CONFLICT ON CONSTRUCTION PROJECTS IN SINGAPORE

## The Middle East Conflict

### Background

- Conflict began on 28 February 2026
- Affected countries include Iran, US, Israel, Lebanon, Saudi Arabia, Qatar & UAE
- Key energy-related infrastructure attacked
- Uncertainty regarding Straits of Hormuz (including closure and contest) disrupted key shipping lines



### Ongoing Impact

Disrupted supply of diesel, bitumen, concrete, steel, oil, gas & petroleum based materials (i.e. waterproof membranes, paint & sealants) etc

Higher insurance cost for shipping

Potential vessel detours / Detention of vessels

LEADING TO

Higher costs of procurement, more expensive energy costs, delays to project etc

## Ex-Gratia Cost Sharing for Singapore Public Construction Projects

Government Procuring Entities (GPEs) will share 50% of Direct Additional Cost incurred by Main Contractors  
See BCA Circulars dated 7 April 2026, 28 May 2026 and 26 June 2026

### Direct Additional Cost

The increase in costs arising from use of  
**DIESEL & BITUMEN**

**1 MARCH 2026 TO 31 JULY 2026**

### Affected Construction Activities



## Procedure for Ex-Gratia Cost Sharing

Main Contractors to ensure downstream payment to subcontractors and suppliers, failing which GPE may intervene and recover.

Step 1

BCA / GPEs to inform Main Contractors of suitability for relief

Step 2

Main Contractors to collate diesel and bitumen usage by all relevant subcontractors and suppliers

Step 3

Main Contractors to submit breakdown of ex-gratia payment to be distributed

Step 4

GPEs to verify substantiation for ex-gratia payment. GPEs' decisions are final.

## What Else Can Contractors Do?

### Seek Potential Relief under the Contract

- Force Majeure
- Price Adjustment
- Variations
- Extension of Time
- Loss & Expense
- Change in Laws

### Mitigate Risk

- R** Record discussions, agreements etc with relevant parties
- I** Identify changes in productivity, prices (e.g. electricity) etc
- S** Submit notifications accordingly
- K** Keep records, quotations, invoices, delivery orders, receipts etc