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Perspective

# Geopolitical turbulence in the Middle East: Reshaping global energy landscape?

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ABSTRACT

Iran's position in the Gulf energy system makes the recent military confrontation involving the United States, Israel, and Iran highly consequential for global energy markets. This commentary examines the conflict's short-term disruptions and longer-term implications for the global energy system. It argues that, although the crisis was not triggered by direct competition over energy resources, Iran's central role in Gulf energy transport gives the crisis significant consequences for global energy security. In the short term, disruptions in the Strait of Hormuz may reduce logistical efficiency, raise shipping and insurance costs, delay deliveries, and heighten price volatility. Over the longer term, the crisis may accelerate the securitization of supply chains, deepen the geopolitical stratification of energy trade, and shift energy governance toward more alliance-based coordination. Policy responses should therefore prioritize chokepoint security, resilience-oriented energy transition, and more inclusive mechanisms for emergency coordination.


Since February 28, 2026, the escalation of conflict involving the United States, Israel, and Iran has intensified geopolitical tensions in the Middle East and generated substantial spillover effects across global energy markets. As a strategic pivot connecting Gulf energy production, export routes, and the regional security architecture, Iran occupies a position that produces spillover effects whose implications extend well beyond the region itself. These effects not only disrupt the stability of oil and gas supply, but also pose systemic challenges to critical maritime chokepoints, shipping networks, insurance mechanisms, financial settlement systems, and the rules of global energy governance. In this sense, the crisis is not only a military confrontation, but also a revealing case through which to examine how security instability in the Middle East interacts with U.S. energy and regional strategy and may contribute to the restructuring of the global energy order. The discussion proceeds in three steps: it first examines the strategic drivers of the conflict and its energy spillovers; it then analyzes the crisis's short-term market shocks and longer-term systemic implications; and finally, it outlines policy responses aimed at chokepoint resilience and more inclusive energy governance.

## 1. Drivers, background, and energy spillovers of the U.S.–Israeli conflict with Iran

The Middle East has once again descended into high-intensity military confrontation. The immediate trigger, however, was not a direct struggle over oil resources as such, but rather an escalation decision made by the United States and Israel under the combined pressures of Iran's nuclear advances, the threat posed by Iran-backed proxy forces, domestic political considerations, and alliance commitments. Data from the International Atomic Energy Agency indicate that Iran possesses over 400 kg of uranium at 60% purity; at the same time, underground fortifications at facilities such as Natanz and Fordow have reportedly acquired the capacity to withstand conventional strikes (IAEA, 2025). Meanwhile, Iran has continued to expand its strategic influence across the Middle East through allied and proxy forces in Lebanon, Syria, Iraq, and Yemen. From the Israeli

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perspective, failure to act promptly could allow Iran to acquire the technical capability to produce a nuclear weapon within a relatively short period, thereby posing a serious threat to Israeli national security (AJC, 2026). At the same time, the domestic political and judicial pressures facing the Israeli government have also been widely viewed as factors shaping its external policy posture.

On the U.S. side, preventing Iran from acquiring a nuclear weapons capability has long been embedded in the bipartisan policy consensus. The U.S. President reportedly stated on 74 occasions that Iran must not be allowed to possess nuclear weapons (The White House, 2026a). Following the resumption of U.S.–Iran nuclear negotiations in late 2025, four rounds of talks were held, but the gap between the two sides remained substantial: the United States insisted on the complete abandonment of uranium enrichment, while Iran demanded the full removal of sanctions. On 28 February, the United States and Israel concluded that further negotiations were no longer viable and ultimately turned to a military option.

The distinctive feature of this conflict lies in the pronounced spillover effects of its consequences, which are rooted in Iran's unique geopolitical position. Iran is located on the northern shore of the Strait of Hormuz, the principal maritime corridor for oil and gas exports from the Gulf. In 2024, the strait facilitated the passage of approximately 20 million barrels per day, accounting for around 20% of global petroleum liquids consumption (U.S. Energy Information Administration, 2025). Additionally, a significant portion of liquefied natural gas (LNG) also transits through this route (Khan et al., 2025). Given the limited substitutability of this corridor, any military escalation involving Iran is likely to extend far beyond the immediate scope of military operations, rapidly spilling over into heightened risks to global energy transportation, increased price volatility, and deteriorating supply expectations (Webster et al., 2026).

This also means that, in managing crises in the Middle East, the United States has generally found it difficult to disentangle security concerns from energy considerations. For decades, Washington has treated the security of Gulf energy supplies, freedom of navigation through the Strait of Hormuz, and the uninterrupted operation of critical maritime shipping lanes as core national interests. As a result, when regional crises escalate, the U.S. response and its crisis-management logic tend to become intertwined with its broader strategic approach to energy security and influence (Vakhshouri, 2026). Historical experience illustrates this pattern. The U.S. military intervention in Syria was initially framed in terms of counterterrorism and the preservation of regional security. Yet in northeastern Syria, the oil fields became a strategic concern in their own right: in 2019, the United States maintained a military presence near those fields in order to prevent them, and the revenues they generated, from falling into the hands of ISIS (Humud, 2022).

A similar dynamic can be observed more recently. In January 2026, the United States reportedly initiated a military operation against Venezuela, and subsequently signaled that major U.S. oil companies would take the lead in managing Venezuela's oil resources, which account for roughly 17 percent of global reserves (The White House, 2026b; U.S. Energy Information Administration, 2024). At present, U.S. military planning also appears to be directed toward control over critical energy infrastructure. According to U.S. media reports, the U.S. administration has focused on Kharg Island—Iran's key oil export terminal in the northern Persian Gulf—and even reportedly considered scenarios involving the deployment of ground forces to secure it (Ravid and Caputo, 2026). Thus, even when energy resources are not the immediate object of military action, the logic of crisis management and the spillover effects it generates may nonetheless, in effect, reinforce U.S. influence over global energy security, market expectations, and the shaping of relevant rules.

## 2. The short-term shocks and long-term adjustments of the Iran crisis on the global energy system

The short-term impact of the Iran crisis on the global energy market is not primarily reflected in an aggregate supply disruption; rather, it is more directly seen in reduced supply accessibility driven by heightened transit risk in the Strait of Hormuz. Following the U.S.–Israeli strikes on Iran on 28 February, Iran announced the closure of the Strait of Hormuz on 2 March (Reuters, 2026a), and vessel-arrival monitoring data for the strait fell sharply thereafter (IMF, 2026). A prolonged closure would not only adversely affect Iran's own energy exports and economic activity, but would also impose significant costs on Gulf oil producers, major Asian energy importers, and U.S. energy and regional interests (U.S. Energy Information Administration, 2025). For this reason, given the practical constraints involved, a prolonged and comprehensive closure of the Strait of Hormuz appears relatively unlikely. A more plausible scenario is one of partial disruption and recurring volatility under persistently elevated risk conditions (IEA, 2026).

Against this backdrop, what warrants greater attention in the short term is not necessarily an absolute decline in oil and gas supply volumes, but rather the disruption of the energy supply chain across loading, port operations, maritime transport, and final delivery. This disruption has resulted in lower transport efficiency, higher shipping costs, and simultaneous increases in both energy prices and market uncertainty.

From the perspective of supply-chain operations, vessel movements, cargo handling coordination, and cargo flows in and around the Strait of Hormuz were clearly disrupted after the outbreak of the conflict. Reuters, citing vessel-tracking data from Vortexa, reported that only four crude oil tankers transited the Strait of Hormuz on 1 March, far below the pre-conflict daily average of around 24 vessels (Reuters, 2026b). At the same time, data from Vortexa and Kpler indicated that roughly 300 tankers were temporarily delayed or held up in the strait and adjacent waters, suggesting that transit risk had already begun to translate into tangible losses in transport efficiency (Saul and Rashad, 2026).

From the perspective of shipping costs, transport costs along Hormuz-related routes rose sharply, most notably through a steep increase in war-risk insurance premiums. According to Reuters, hull war-risk insurance rates rose from around 0.25 percent before the conflict to as high as 3 percent; for tankers valued at US$200–300 million, the premium for a single voyage could reach as much as US$7.5 million (Hussain and Saini, 2026). Meanwhile, the Lloyd's Market Association reported that around 1000 vessels remained in the Gulf and surrounding waters, roughly half of them oil and gas tankers, with a combined hull value exceeding US$25 billion, indicating a high concentration of insurance and shipping risk in the region (Saul and Baertlein, 2026). Under these conditions, longer waiting times, more frequent rerouting, extended delivery cycles, and greater uncertainty in contract performance all contributed to a further rise in overall supply-chain costs. Some vessels also began adjusting their routes and diverting via alternative passages such as the Cape of Good Hope, a shift that lengthened one-way voyages by roughly 10 to 14 days, reduced effective shipping capacity, and amplified cascading delays in subsequent port and delivery operations (ICRON, 2026). After transit through the Strait of Hormuz was disrupted, vessel diversions and disrupted arrival schedules began to spill over into ports along alternative routes. For example, the average waiting time at the Port of Casablanca in Morocco increased from 5.6 days in late February to 8.4 days in mid-March, indicating that risks originating in the strait were intensifying congestion pressures at related ports through diversion effects (Everstream, 2026).

At the market level, these efficiency losses and cost increases ultimately manifested themselves in simultaneous rises in both energy prices and uncertainty. By 12 March, Brent crude had climbed to US$100.46 per barrel (ICE, 2026), an increase of about 39 percent from its level on 27 February. LNG spot prices also rose markedly, with the Asian JKM benchmark reaching US$15.068/MMBtu on 2 March, up 40.86 percent from its 27 February level (S&P Global, 2026). Meanwhile, the CBOE Crude Oil Volatility Index (OVX) rose to 120.22 on 12 March, its highest level since April 2020, indicating that short-term market sentiment remained highly sensitive and that both risk premia and uncertainty premia had increased substantially (Cboe Global Markets, 2026).

Unlike the short-term effects, which are primarily reflected in transport disruptions, rising costs, and heightened price volatility, the longer-term impact of the Iran crisis may be more consequential, particularly insofar as it pushes the global energy system further toward securitization, stratification, and alliance-based coordination.

The crisis has exposed the vulnerability of global energy supply chains to disruption at critical maritime chokepoints. This may further encourage major energy-importing countries to shift from an “efficiency-first” approach toward a “security-first” approach in their choice of supply sources, transport routes, and reserve-system design. This trend is consistent with the European Union’s recent emphasis on “de-risking”, reducing strategic dependencies, and strengthening economic security and supply-chain resilience. It also aligns with China’s continued pursuit of a new energy security strategy, including efforts to improve its production–supply–storage–distribution system and enhance strategic reserve capacity. In this sense, the crisis may further reinforce energy policy adjustments oriented toward security and resilience, prompting major importing countries to assign greater priority to continuity of supply, controllability of transport routes, and reliability of contract performance rather than cost efficiency alone.

The crisis may also further embed energy trade within compliance frameworks related to sanctions enforcement, insurance eligibility, financial settlement, and shipping services, thereby reinforcing the role of energy as a geopolitical instrument. Under high-risk conditions, energy transactions are no longer governed solely by price and demand; they are increasingly constrained by political factors such as sanctions rules, the scope of insurance coverage, payment channels, and port-access requirements. As a result, global energy flows may become more sharply stratified along lines of political trust and institutional compatibility, pushing buyer–seller relations away from relatively open market matching and toward more bloc-like configurations.

The crisis may likewise generate spillover effects on rule-making and institutional coordination in global energy governance. In the context of intensified geopolitical confrontation, multilateral platforms such as the IEA and the G20 may face greater difficulty in coordinating responses on energy security, market stabilization, and risk management, thereby weakening their capacity to produce unified action and common rules. By contrast, alliances or smaller coordination mechanisms among like-minded states may find it easier to reach agreement on issues such as naval escort arrangements, supply guarantees, strategic reserves, and market intervention. Consequently, effective influence in global energy governance may shift further away from broad multilateral platforms and toward more alliance-based and bloc-oriented coordination mechanisms.

## 3. Policy recommendations for chokepoint vulnerability and fragmented energy governance

A more stable and inclusive security mechanism could usefully be developed around critical energy chokepoints such as the Strait of Hormuz. This crisis has shown that the primary risk facing global energy markets is not simply a disruption at the point of production, but rather the transport interruptions, rising costs, and market volatility triggered by disruptions at key maritime passages. Policy responses, therefore, should not be confined to ex post coordination and crisis management. Instead, they would benefit from efforts to build a standing multilateral security framework for critical chokepoints capable of helping to ensure at least a minimum level of energy transit during periods of crisis. Such a mechanism should not rely exclusively on any single naval power, but should involve littoral states, major importing countries, and major energy-consuming countries in a more stable institutional arrangement for risk warning, vessel identification, crisis communication, and transit protection.

Energy transition should also be more closely integrated with the governance of chokepoint risk. This crisis demonstrates that fossil fuels such as oil and LNG remain highly dependent on long-distance maritime transport and passage through strategic straits; once chokepoints such as the Strait of Hormuz are disrupted, the vulnerability of these supply chains is rapidly exposed. Advancing end-use electrification, increasing the share of renewable energy, and strengthening storage capacity and localized energy systems are therefore not only requirements of the low-carbon transition, but also practical means of reducing dependence on high-risk fossil-fuel transport corridors and enhancing the resilience of energy systems. In other words, the significance of energy transition lies not only in reducing emissions, but also in reducing exposure to specific geopolitical chokepoints and maritime transport risks.

There is also a need to develop more inclusive mechanisms for energy risk mitigation and emergency coordination. The present crisis suggests that, under conditions of intense geopolitical confrontation, traditional multilateral platforms such as the IEA and the G20 face growing difficulty in coordinating responses on energy security, market stabilization, and risk management. Although smaller-scale cooperation among like-minded states may be easier to operationalize, it may also reinforce the trend toward fragmentation in global energy governance. For this reason, it is necessary to build, on the basis of existing multilateral arrangements, broader mechanisms for risk warning, information sharing, emergency stock coordination, and minimum supply assurance, so as to reduce the risk of further blocization and fragmentation of energy markets in times of crisis.

## CRediT authorship contribution statement

**Jian-Liang Wang:** Conceptualization, Funding acquisition, Resources, Supervision, Writing – original draft, Writing – review & editing. **Jing-Jing Fan:** Data curation, Investigation, Resources, Validation, Writing – original draft. **Yi Liu:** Data curation, Formal analysis, Investigation, Validation, Writing – original draft. **Hai-Tao Guo:** Conceptualization, Supervision, Writing – review & editing. **Mei-Yu Guo:** Conceptualization, Supervision, Writing – review & editing.

## Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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