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POLICY BRIEF

THE GLOBAL COSTS OF DISRUPTION IN THE STRAIT OF HORMUZ

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The war on Iran and in the Gulf has made it impossible to treat the Strait of Hormuz as a regional issue. The disruption around the Strait has moved through the world economy in concrete ways, from higher fuel bills and pressure on food and fertilizer supply chains to rising costs for households and companies far from the conflict. This policy brief examines how Hormuz became one of the main channels through which the costs of the war spread beyond the Gulf. It argues that the crisis exposed the extent to which global markets, food systems, industrial production, mobility, and development finance are tied to the Gulf's stability. The real issue now is how the Gulf states and their partners can build greater resilience once the war fully ends.

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This article draws in part on perspectives shared by members of the Rihla Initiative for Green Economic Growth, whose regional insights helped inform the sections on how the costs of the war are being felt across the Global South.

THE GLOBAL COSTS OF DISRUPTION IN THE STRAIT OF HORMUZ

The central issue since the outbreak of the war on Iran and the member states of the Gulf Cooperation Council (GCC) on February 28 has been the disruption of one of the world's most important waterways. The Strait of Hormuz has always mattered, but the war has made its importance visible in more immediate and practical terms. Even though the Strait is set to reopen as part of the peace agreement between Iran and the United States, the global costs and consequences of its closure will be felt for months in countries near and far from the conflict.

For centuries, Hormuz has linked the Gulf to wider routes across Asia, Africa, and Europe. That role is now far more consequential. The Gulf is tied to global markets through energy exports, food and fertilizer supply chains, industrial commodities, aviation, tourism, and outward investment. Major shipping and air-cargo routes depend on its ports and airports, while GCC sovereign wealth funds shape infrastructure, energy, and development projects across the Global South. When movement through Hormuz is disrupted, these connections become channels through which the costs of war spread far beyond the region.

What has been under strain is not only regional security, but also the functioning of one of the central nodes of the global economy. Roughly one-third of the world's crude oil, methanol, and fertilizer exports, and one-fifth of global liquefied natural gas (LNG) and its derivatives, along with thousands of other types of goods and commodities pass through the strait. Tens of thousands of companies and, through them, millions of people rely on the smooth functioning of trade through ports surrounding the Strait. More than 20,000 seafarers have been stuck¹ for over three months on ships or ports around the strait. When passage through Hormuz is disrupted, the costs are transmitted through fuel bills, freight rates, delivery schedules, food prices, and emergency policy decisions in countries far from the conflict. Ordinary people have been paying the price of this conflict from Manila to Mumbai, Johannesburg, and Bogota.

That is why the crisis generated such a broad international reaction since the early days. On March 11, 2026, the United Nations Security Council adopted² Resolution 2817, tabled by Bahrain. It was co-sponsored by 135 countries, one of the broadest shows of support for any Security Council resolution in history. That backing reflected a simple reality that the war was being treated as a disruption with global consequences for trade, energy security, and economic stability.

The wartime conditions could not have remained in place indefinitely. The Gulf could not simply bypass Hormuz, and the wider world could not absorb prolonged disruption around one of the central passages of the global economy. The question now is how the Gulf states and their partners will build greater resilience once the war fully ends.

1. Milan Czerny et al., "The Sailors Low on Supplies and Stuck in a War Zone," *The Wall Street Journal*, May 8, 2026, <https://www.wsj.com/world/middle-east/iran-hormuz-sailors-ships-stranded-07f792a7?st=YtDG34>.

2. "UN Security Council Adopts Resolution Condemning Iran's Attacks in the Gulf," *Al Jazeera*, March 12, 2026, <https://www.aljazeera.com/news/2026/3/12/un-security-council-adopts-resolution-condemning-irans-attacks-in-the-gulf>.

WHY HORMUZ MATTERS

The level of global oil and gas dependence on the region creates a vulnerability that no amount of short-term improvisation can remove. The strait is now a bottleneck through which not only energy and petrochemicals, but also fertilizers, food inputs, and industrial commodities move in volumes that are difficult to redirect quickly.

Kuwait Petroleum declared³ force majeure in oil and refinery product sales. Bahrain's Bapco Energies also invoked⁴ force majeure after an attack on its only refinery. Qatar's Ras Laffan LNG complex, the largest in the world shut down⁵ following Iranian strikes, disrupting roughly 17% of global LNG supply. Qatar's exports of condensate, liquefied petroleum gas, naphtha, and sulfur have also dropped significantly.

Disruptions to shipping and infrastructure forced adjustments in energy production, exports, and pricing almost everywhere. Around 80% of the gas that transits Hormuz, for example, is headed to East Asia, where it powers industrial production, electricity systems, and economic growth. The impact has also been felt across Europe. Italy, Germany, and France moved to revive emergency energy measures first used after Russia's cuts to pipeline gas, while firms are again confronting higher costs. The pressure has been especially visible in more gas-dependent parts of Europe, and smaller economies were among the first to feel the strain. The result has been rising inflation, higher industrial costs, fiscal pressure, and the risk of another prolonged energy shock across the continent.

Higher fuel prices increase the cost of transport, which feeds into food distribution, manufacturing, and consumer prices. Higher jet fuel prices have grounded many aircraft, and leading airlines have reduced flight schedules and increased passenger ticket prices. Lufthansa, for example, has cancelled⁶ more than a hundred daily flights and will cut more than 20,000 flights until October.

The effects are especially visible in fertilizer, one of the clearest cross-regional channels through which the shock is spreading. Gulf exports underpin agricultural production across multiple continents, and delays in those shipments are now affecting planning cycles and food-supply chains far from the conflict itself. When fertilizer prices rise or deliveries are delayed, the consequences are not immediate in the way fuel prices are. They appear later, in reduced yields, tighter supply, and higher food prices during the next harvest cycle. That is why there were efforts to introduce a humanitarian fertilizer corridor⁷ or a Hormuz initiative⁸ to protect global food security.

3. Fiona MacDonald et al., "UAE and Kuwait Start Oil Output Cuts After Hormuz Blockage," Bloomberg, March 7, 2026, <https://www.bloomberg.com/news/articles/2026-03-07/kuwait-cuts-oil-and-refining-output-as-hormuz-transits-slow?embedded-checkout=true>.

4. Una Hajdari, "Bapco Declares Force Majeure as Iran Sets Bahrain's Only Refinery Ablaze," Euronews, March 9, 2026, <https://www.euronews.com/business/2026/03/09/bapco-declares-force-majeure-as-iran-sets-bahrain-only-refinery-ablaze>.

5. Maha El Dahan et al., "Iran Attacks Wipe Out 17% of Qatar's LNG Capacity for Up to Five Years, QatarEnergy CEO Says," Reuters, March 19, 2026, <https://www.reuters.com/business/energy/iran-attack-damage-wipes-out-17-qatars-lng-capacity-three-five-years-qatarenergy-2026-03-19/>.

6. Peter Campbell et al., "Lufthansa Cuts 20,000 Flights to Save Fuel as Prices Soar," Financial Times, April 21, 2026, <https://www.ft.com/content/bd0e3253-74ca-4ef3-86b4-ce61d7c714ed?syn-25a6b1a6=1>.

7. Monica Gorman, "The World Needs a Hormuz Fertilizer Initiative Now," The Hill, May 2, 2026, <https://thehill.com/opinion/international/5859661-hormuz-blockade-food-crisis/>.

8. "A Hormuz Initiative to Protect Global Food Security," International Crisis Group, March 30, 2026, <https://www.crisisgroup.org/stm/global/iran-israelpalestine-united-states/hormuz-initiative-protect-global-food-security>.

Farmers across parts of Africa and Asia are waiting for shipments that may not arrive on time or may arrive at much higher cost. Even in the United States, Californian farmers are feeling the disruption well beyond the gas station. The war has closed⁹ key markets, and those that remain open have seen shipping costs triple. While the United States produces liquid nitrogen and ammonia, it still imports a large share of its urea from the Gulf and other suppliers.

The same applies to strategic commodities that receive less attention than oil and gas but are central to industrial production. Qatar has halted supplies¹⁰ of roughly one-third of the world's helium, which is critical to the artificial intelligence boom, as well as advanced manufacturing, medical technologies, semiconductors, and research infrastructure. Spot prices for helium have already doubled. Aluminum Bahrain also begun a phased production shut down¹¹ at one of the world's largest smelters, introducing further strain into industrial supply chains globally.

HOW THE HORMUZ CLOSURE DISRUPTS GLOBAL CONNECTIVITY

The Gulf's role in the global economy is not limited to energy and commodities. Over the past two decades, it has become a daily operating base for shipping companies, airlines, hotels, logistics firms, and investors. When that base is disrupted, the effects are felt by companies, travelers, consumers, and supply chains well beyond the Gulf.

This is especially clear in maritime logistics. Dubai's Jebel Ali port, with connections¹² to more than 150 ports worldwide, is one of the ten busiest container ports in the world. Ports in Sohar, Duqm, Abu Dhabi, and Doha also play major roles in connecting trade flows between continents. Goods moving between these regions often pass through Gulf ports before reaching their final destination. These include consumer goods, industrial inputs, machinery, food products, and components used by manufacturers across multiple continents. From Malaysia to Colombia, thousands of firms rely on shipments that transit through Gulf facilities, even when the Gulf is not the final market.

The Gulf has become so central to trade flows that disruption there changes the cost and timing of movement across multiple regions at once. Gulf airports are central nodes in global passenger and cargo networks. The cancellations in the first weeks of the conflict captured the scale of the disruption, but not its full consequences. Two months into the conflict, reports suggested a two-thirds reduction¹³ in passenger travel from Dubai Airport alone.

9. Laurence Darmiento, "California Farmers Were Already Struggling. Then Came the Iran War," Los Angeles Times, March 29, 2026, <https://www.latimes.com/business/story/2026-03-29/california-farmers-were-already-struggling-then-came-iran-war>.

10. Kelvin Chan, "Iran War Halts Qatar Helium Output, Threatening Global Tech Supply Chains," Associated Press, March 21, 2026, <https://apnews.com/article/iran-chips-semiconductor-helium-exports-war-fe934332f7c83bb722ca87db22cd57d0>.

11. Mark Burton, "Bahrain Starts Output Cuts at World's Top Aluminum Smelter," Bloomberg, March 15, 2026, <https://www.bloomberg.com/news/articles/2026-03-15/bahrain-starts-cutting-output-at-world-s-top-aluminum-smelter>.

12. Esfandiyar Batmanghelidj, "The Iran War Is Jeopardizing the Entire Global Economy," Foreign Policy, March 4, 2026, <https://foreignpolicy.com/2026/03/04/iran-war-dubai-saudi-qatar-global-economy-oil-shipping-trade/>.

13. Leen Al-Rashdan et al., "Dubai Airport Delays Passenger Target as Iran War Crimps Growth," May 4, 2026, <https://www.bloomberg.com/news/articles/2026-05-04/dubai-airport-passenger-traffic-drops-66-in-march-on-iran-war>.

The impact on tourism has been especially visible. The conflict could reduce¹⁴ international arrivals to the Middle East, representing roughly US\$ 56 billion in lost spending. Occupancy rates at hotels in Dubai have plummeted¹⁵ to 10% in comparison to 80% just before the conflict started in February. Some estimates suggest losses to the regional tourism industry of up to US\$ 600 million per day.

But these losses are not confined to Gulf destinations. The cancellations that left hotel rooms empty during Eid, in cities in Thailand and France, show how dependent many destinations have become on Gulf travelers, especially during peak travel periods. A war in the Gulf does not only reduce tourism in the Gulf but also disrupts a wider travel economy built around Gulf airlines, Gulf residents, and Gulf connectivity.

There is also a less visible but equally important digital dimension. Global technology companies have invested¹⁶ heavily in data centers, cloud infrastructure, and digital services across the Gulf. Facilities in Dubai, Abu Dhabi, Bahrain, and other Gulf locations now support systems that businesses and institutions far beyond the region depend on. Incidents affecting data infrastructure, including fires¹⁷ at Amazon facilities in Dubai and Manama, have underscored the vulnerability of critical digital systems to regional instability.

Shipping systems depend on data platforms and financial transfers depend on secure digital infrastructure. Commercial operations, logistics planning, and cloud-based services all rely on stable digital capacity. All of that is threatened, both by attacks on infrastructure, and by the closure of the strait.

WHY THE GULF ITSELF IS UNDER PRESSURE

The economic effects are already being debated in concrete terms. Reports suggest¹⁸ that because of the damage so far, smaller and more exposed economies such as Qatar, Kuwait, and Bahrain will face especially sharp contractions, while the United Arab Emirates (UAE) would also face significant declines and Iran is headed toward economic collapse. Saudi Arabia, Iraq, and Oman might cope better, largely because of reasons tied to their geography, but they too will feel the pain.

Food security is one of the clearest examples of why Hormuz is so critical to life in the GCC and the world economy. The UAE, Qatar, Bahrain, and Kuwait import between 70% and 90% of their food supply. That dependence ties the region to thousands of companies around the world, many of them shipping perishable goods that depend on reliable maritime access and tightly managed delivery schedules. Even though Qatar, and others, learned from the 2017 to 2021 blockade that some resilience can be built, there are hard limits to how far that can go. The Gulf's geography and climate constrain local production and storage.

14. Dean Seal, "Middle East Conflict Risks Up to \$56 Billion in Tourism Spending," The Wall Street Journal, March 3, 2026, https://www.wsj.com/livecoverage/iran-israel-us-strikes-2026/card/middle-east-conflict-risks-up-to-56-billion-in-tourism-spending-XOVTWwkUy5watfCZk6Vv?eafs_enabled=false.

15. Georgi Kantchev, "Dubai Hotel Occupancy Predicted to Plunge to 10%, Moody's Says," The Wall Street Journal, May 6, 2026, <https://www.wsj.com/livecoverage/iran-hormuz/card/dubai-hotel-occupancy-predicted-to-fall-to-10-moody-s-says-Yfcfxa5Xr6q25v9Yizvg>.

16. Vivienne Walt, "Big Tech's Uncertain Future in the Gulf," The New York Times, March 7, 2026, <https://www.nytimes.com/2026/03/07/business/dealbook/iran-gulf-tech-investments.html>.

17. Esfandiyar Batmanghelidj, "The Iran War Is Jeopardizing the Entire Global Economy," Foreign Policy, March 4, 2026, <https://foreignpolicy.com/2026/03/04/iran-war-dubai-saudi-qatar-global-economy-oil-shipping-trade/>.

18. Mirette Magdy, "Gulf Economies at Risk of Worst Slump since '90s on Iran War," Bloomberg, March 15, 2026, <https://www.bloomberg.com/news/articles/2026-03-15/gulf-economies-at-risk-of-worst-strife-since-1990s-on-iran-war>.

There were sufficient stocks of essential and nonessential goods in the short term, but the systems behind them were facing rising challenges. With the Strait of Hormuz closed for more than a hundred days, shipping delays mounted across the region. Cargoes have been held at ports, rerouted, or delayed at much higher cost. For example, according to India's rice exporters' association, around 400,000 tons of basmati rice destined for the Gulf were stranded¹⁹ at ports or at sea in just the first week of the conflict. Iran, which normally supplies fresh fruit and vegetables to the UAE and other GCC markets, had also halted agricultural exports.

Governments and private companies responded quickly with emergency measures. Retailers such as the Lulu Group chartered cargo flights to bring in meat, fruit, and vegetables from India while arranging additional shipments from South Africa, Sri Lanka, and Kenya.²⁰ Each Etihad aircraft carried roughly 80 tons of food supplies, useful but negligible compared with the scale of maritime trade.

Saudi Arabia moved to expand overland connectivity between the Gulf and the rest of the world through new corridors linked to the Red Sea, including the much debated²¹ Neom port. Qatar and Bahrain have relied on overland transport routes through Saudi Arabia to maintain food inflows. These adjustments help relieve pressure, but they are more expensive, slower, and far smaller in capacity than the shipping routes on which the region normally depends.

The war has also made clear that food vulnerability in the Gulf cannot be separated from water and energy vulnerability. In the GCC, water systems rely heavily on desalination, and desalination depends on stable power supply, specialized chemicals, and functioning maritime logistics. In some Gulf states, more than 90% of municipal water comes from desalination and groundwater. When energy infrastructure is attacked or disrupted, water systems come under strain as well. When shipping routes are interrupted, the supply chains that support desalination also become vulnerable. The same conflict that puts pressure on oil and gas flows can, therefore, affect food imports, electricity generation, and freshwater production at the same time. The costs of emergency response, repair, and reconstruction are also rising.

Crucially, the Gulf's development model has been built around an image of stability, continuity, and connectivity. Cities such as Dubai, Doha, and Abu Dhabi have spent decades establishing themselves as safe places to live, work, invest, and travel. That perception matters economically. It affects tourism, expatriate confidence, property markets, business travel, and the willingness of international firms to base regional operations there. The suggestion that the Gulf may now be experienced as a conflict zone, even temporarily, carries consequences that are harder to quantify than a delayed shipment. The impact is uneven across the region, but no Gulf state is insulated from it.

The Gulf's role in global finance adds another layer to the international costs of the war. Over the past two decades, GCC states have built financial systems that are deeply connected to global markets. Commercial bank deposits across the GCC reached approximately US\$

19. Rajendra Jadhav, "Indian Basmati Held Up at Ports and in Transit as Iran War Halts New Deals," Reuters, March 3, 2026, <https://www.reuters.com/world/india/indian-basmati-held-up-ports-transit-iran-war-halts-new-deals-2026-03-03/>.

20. "Lulu Charters Special Flights to Ensure Uninterrupted Food Supply in UAE," Lulu Retail, March 7, 2026. <https://www.luluretail.com/media/news/lulu-charters-special-flights-to-ensure-uninterrupted-food-supply-in-uae/>

21. Ahmed Al Omran, "Saudi Arabia Touts New Use for Neom Port after Iran War," Financial Times, May 4, 2026, <https://www.ft.com/content/5a92811f-bd14-4be3-8b77-5edc12461cf5?syn-25a6b1a6=1>.

2.3 trillion last year, underscoring the scale of the region's financial weight. Dubai alone processes²² roughly 15% of the global gold trade and remains a major hub for remittance flows that connect the Gulf to labor markets across South Asia, Africa, and the wider Middle East.

The most important dimension of this financial role lies in sovereign wealth. The GCC's seven main sovereign wealth funds accounted²³ for around 43% of all capital deployed globally by state-owned investors in 2025, totaling roughly US\$ 126 billion in outward investment. That capital has become an important source of funding for infrastructure, technology, energy, real estate, and development projects across the world. In many parts of the Global South, Gulf sovereign wealth and Gulf-backed institutions are now among the few actors with both the scale and time horizon to finance large and complex projects. War does not automatically remove that capacity as the Gulf still has substantial financial resources. The issue is whether capital will move in the same way under conditions of heightened risk, infrastructure pressure, and greater uncertainty. Under current conditions, investment committees become more cautious, implementation timelines lengthen, and the gap between pledged capital and deployed capital is likely to widen.

This is already raising questions about outward investment and future commitments. If Gulf governments and institutions face sustained pressure on infrastructure, food systems, logistics, water security, and domestic resilience, they will place greater weight on internal needs and strategic priorities. That would not mean an end to Gulf investment abroad, but it could change its pace, scale, and direction. Some investments may be delayed and others may be reprioritized. But projects seen as less strategic or more vulnerable to risk may find it harder to proceed.

HOW THE WAR AFFECTS MOST OF ASIA

The costs of the war have not landed across Asia in the same way. In some places, the first effect was a spike in fuel prices. In others, it was rising food costs, delays in imports, higher transport prices, or tighter public budgets. Elsewhere, it is being felt in tourism or in small and medium-sized enterprises. But in most places, the shock is being absorbed locally, often in ways that are immediate and visible.

Countries across Asia felt the tourism shock early. During what should have been one of the busiest travel periods of the year, hotels in cities from Bangkok to Bali reported empty rooms as Eid bookings by travelers from the GCC and Iran were canceled in March. In the first month after the war began, tens of thousands of flights were grounded across the region, leaving millions of passengers stranded in airports that normally serve as some of the most efficient transit hubs in the world. One hundred days into the conflict and entering the summer season, countries near and far are feeling the effects of those cancellations and the continued changes in the travel plans of large number of tourists from the region.

While the war in the Gulf may seem far from the Philippines, its effects have been quickly felt in everyday life, with rising fuel prices driving up transport fares and the cost of basic goods, leading the country to be the first to declare a state of national energy emergency.²⁴

22. "Gold," Dubai Multi Commodities Centre, <https://dmcc.ae/ecosystems/gold>.

23. Jack Dutton, "Gulf Accounted for 43% of Global Sovereign Wealth Fund Investment in 2025," Al-Monitor, December 30, 2025, <https://www.al-monitor.com/originals/2025/12/gulf-accounted-43-global-sovereign-wealth-fund-investment-2025>.

24. Reflections by Railla Puno, Rihla Initiative Council Member for South and Southeast Asia.

As a net energy importer, even small disruptions in global supply chains filter quickly through households, affecting livelihoods and access to basic needs. It also highlights how global conflicts can disproportionately burden developing economies.

In Vietnam, petrol prices rose by roughly 20% in the first days after the closure of Hormuz, pushing up transport, delivery, and factory costs across the economy.²⁵ The government moved quickly to suspend fuel taxes temporarily and encouraged public and private institutions to allow employees to work from home in order to reduce consumption. The effect is visible in commuting costs, shipping bills, production, and household spending.

Elsewhere in South Asia, the pressure has moved through both energy and food systems. Bangladesh, already exposed to the LNG shock, has had to rely more on coal to compensate for reduced gas supply. In India, some restaurants have adjusted menus in response to gas shortages and rising costs, and there is now “a shortage²⁶ of Diet Coke.”

India’s exposure is especially significant because its relationship with the Gulf is built on energy, trade, labor mobility, remittances, and investment at the same time. The war has shown that this relationship cannot be managed through trade agreements alone. For India, keeping the Arabian Sea corridor functional under stress is now a matter of economic resilience, not only market access.²⁷ When Gulf systems come under strain, that wider relationship comes under pressure too, particularly with increasing layoffs since the war.

In countries such as Uzbekistan, there is growing concern that disruptions to regional supply routes will feed directly into food-price inflation.²⁸ In addition, disruptions to supply routes are affecting the availability and cost of basic imports, including food products. These pressures come on top of broader regional dependence on external transport systems and imported inputs.

At the same time, Gulf capital has been a key driver of renewable deployment across Central Asia, financing large-scale solar, wind, and green hydrogen projects through actors such as Masdar and ACWA Power.²⁹ While the merits of these investments have become clear for Gulf investors, their future scale is now uncertain.

HOW THE HORMUZ CLOSURE LANDS IN AFRICA

In sub-Saharan Africa, the effects are often more direct and more severe because there is less room to absorb them. Higher fuel prices quickly feed into transport costs, and transport costs, in turn, affect the price of nearly everything else. In several countries, fuel availability has become uncertain. Drivers wait in long queues, often without knowing when new supplies will arrive.³⁰ Time spent in line is income lost, and traders pass higher costs on to consumers. At the same time, remittances from the Gulf to the region have declined.³¹

25. Reflections by Duy Lihn Nguyen, Rihla Initiative Council Member for South and Southeast Asia.

26. Aditya Kalra, “Diet Coke Loses Its Fizz in India as Iran War Hits Cans Supply,” Reuters, April 22, 2026, <https://www.reuters.com/world/india/diet-coke-loses-its-fizz-india-iran-war-hits-cans-supply-2026-04-22/>.

27. Reflections by Saurabh Punamiya, Rihla Initiative Council Member for South and Southeast Asia.

28. Reflections by Louis Skyner, Rihla Initiative Council Member for Central Asia and the Caucasus.

29. Reflections by Shakhlo Kamaladinova, Rihla Initiative Coordinator for Central Asia and the Caucasus.

30. Reflections by Abubakar Metcho, Rihla Initiative Council Member for sub-Saharan Africa.

31. Reflections by Vuyiswa Hlongwane, Rihla Initiative Coordinator for sub-Saharan Africa.

Households adjust by cutting spending, buying less, or postponing purchases or even meals altogether.

Nigeria offers one of the clearest examples. The impact of the war is now visible in the daily functioning of markets, transport systems, and household budgets.³² Delivery costs have increased sharply as diesel prices have risen. Basic goods, including pharmaceuticals, fruits, vegetables, and staples, have become more expensive. Even where fuel remains available, its price has changed the cost structure of moving goods across the country. What once cost a few dollars to transport can now cost several times as much. The result is not only inflation, but also a broader slowing of economic activity.

In Ghana, the pressure takes a somewhat different form but follows the same logic. As a net importer of petroleum, the country has had to deal with higher fuel import bills, prompting selective subsidies to cushion pump prices.³³ Sustained increases in fuel prices also raise the price of natural gas-based fertilizer, which Ghana imports. This, in turn, affects farmers and food production costs. For households already under pressure, the combination of higher fuel, more expensive food, and broader inflation produces a cumulative burden that extends well beyond the energy sector.

In East Africa, similar pressures are being felt through fuel, transport, and food prices. Farmers and small businesses that depend on imported fuel have been especially exposed.³⁴ The war has again shown how vulnerable these economies remain to distant conflicts transmitted through shipping and energy systems. It has also strengthened the argument for investing in renewable energy, localized power systems, and domestic green industries that can reduce dependence on imported fuels over time. But the future of these plans is also unclear, with the Gulf states, as major contributors to green transitions on the continent, facing financial constraints at home.

There are also quieter but meaningful effects in sectors such as aviation and domestic transport. In South Africa, for example, rising fuel prices have already pushed up the cost of domestic flights. This affects households, businesses, and sectors that depend on mobility. The conflict is also reinforcing the tension between South Africa's immediate energy security and longer-term transition plans. Higher fuel prices are already raising operating costs for provincial and municipal governments, while investors are becoming more cautious about new energy infrastructure.³⁵ The result may be a return to fossil fuel dependence, even as the crisis strengthens the case for decentralized and resilient energy systems that are less exposed to global shocks.

HOW THE CONFLICT REACHES THE BROADER MIDDLE EAST

The Gulf war has reached the broader Middle East militarily and has deepened economic and political uncertainty across the Iraq, Lebanon, and Jordan. The effects are being felt not only through immediate security concerns, but through higher fuel prices, disrupted trade and shipping routes, delays in remittances and investment, and growing anxiety over

32. Reflections by Abubakar Metcho, Rihla Initiative Council Member for sub-Saharan Africa.

33. Reflections by Patrick Stephenson, Rihla Initiative Council Member for sub-Saharan Africa.

34. Reflections by Bashir Mubiru, Rihla Initiative Council Member for sub-Saharan Africa.

35. Reflections by Khwezikazi Windvoel, Rihla Initiative Council Member for sub-Saharan Africa.

the direction of regional instability. In Jordan, for example, the tourism high season has nearly been wiped out³⁶ at major sites. In Lebanon, fluctuations in energy markets and fears of further escalation have placed new pressure on an already collapsing economy.³⁷ Transportation costs have risen, food prices have become more difficult to manage, and farmers are again facing uncertainty after years of overlapping crises.

But the Levant is not only absorbing the costs of the war. It is also being repositioned in Gulf strategic thinking. For decades, the region functioned largely as a recipient of Gulf aid, reconstruction funding, and political patronage, with limited structural integration into Gulf economic strategy.³⁸ That was beginning to change before the war and it has somewhat accelerated since the conflict began.

In the aftermath of the war, infrastructure in the Levant is increasingly being treated not only as reconstruction, but as strategic policy. The region is being drawn into a wider Gulf effort to reduce dependence on the Strait of Hormuz, diversify transit routes, and build overland and hybrid corridors linking the Gulf to the Mediterranean. In June, Turkey and Saudi Arabia signed a rail agreement to boost connectivity through Syria and Jordan.³⁹

For Gulf climate finance and infrastructure investment, this marks a change in how the broader Middle East is positioned. The region is likely to matter less as a site of ad hoc post-conflict spending and more as part of a wider resilience strategy, where corridors, connectivity, and redundancy shape long-term investment decisions. This shift is visible across the region and particularly in Syria, where GCC commitments are increasingly tied to infrastructure that could support transit, including potential energy corridors, even as institutional constraints continue to slow implementation.

In Iraq, renewed efforts to revive long-idled pipeline routes to Saudi Arabia's Red Sea coast reflect a wider push for export diversification, despite the risks created by political fragmentation and militia activity. Across the Middle East, Gulf states are pursuing a multi-route hedge, accepting higher costs in exchange for reduced exposure to geopolitical disruption. But this reprioritization in investments abroad have their own consequences as well, particularly when it comes to discussions about a just transition in the broader region.

WHY PROLONGED DISRUPTION IN HORMUZ IS UNSUSTAINABLE

The disruption in Hormuz cannot continue without the costs spreading further into the lives and pockets of people far from the war itself. What began as a military confrontation in the Gulf has moved through fuel prices, food imports, fertilizer deliveries, air routes, tourism, shipping, remittances, and investment decisions in the broader Middle East, across Asia and Africa, and in countries farther away. This is why the Strait cannot be treated only as a security issue or as a passage for oil tankers.

36. Raja Abdulrahim, "Jordanians Struggle as Mideast Wars Scare Tourists Away," The New York Times, May 2, 2026, <https://www.nytimes.com/2026/05/02/world/middleeast/jordan-travel-tourists-war.html>.

37. Reflections by Sarine Karajerjian, Rihla Initiative Council Member for the Middle East and North Africa.

38. Reflections by Khuzama Wardeh, Rihla Initiative Coordinator for the Middle East and North Africa.

39. Jack Dutton, Saudi Arabia, Turkey advance plans to revive historic Hejaz Railway," Al-Monitor, June 9, 2026. <https://www.al-monitor.com/originals/2026/06/saudi-arabia-turkey-advance-plans-revive-historic-hejaz-railway>

The emergency responses utilized during the war show both the ability to adjust and the limits of that adjustment. Food can be flown in, cargoes can be rerouted, corridors can be designed, fuel prices can be subsidized, airlines can change flights, and investors can delay projects. But each of these measures comes with a cost. They may reduce the immediate pressure, but they do not replace the systems that have been built over decades around the assumption that Hormuz would remain open and commercially reliable.

Fuel subsidies show how quickly distant governments are forced to pay for a crisis they did not create. Delayed fertilizer shipments show how the effects of the war will continue into the next harvest cycle. Postponed Gulf investments show how pressure at home can slow projects abroad. The costs are therefore not only immediate, but they accumulate, move across sectors, and appear later in places that are far away from Hormuz.

The Gulf has become a hub for many things, but the systems that support this role remain vulnerable to the disruption of one passage. That contradiction is being felt across the world, with countries that depend on Gulf energy, capital, or trade routes now discovering that instability in the Strait can quickly become instability in their own markets.

This is why the postwar question cannot be limited to the reopening of Hormuz. Normal passage will eventually have to be restored, but the end of the disruption will not erase what it has revealed. The Gulf's role in the global economy has grown faster than the systems designed to protect it in moments of war. Reopening the Strait will not be enough if the region returns to the same assumptions that existed before the conflict or ignores the risks that were exposed by it.

The next step has to be a different kind of regional order, built around the lifelines that this war has placed under pressure. The GCC states, Iran, and the international community will need practical and inclusive arrangements that reduce the ability of any future conflict to paralyze the world again. Hormuz will remain central, but this war has shown that its centrality now needs to be managed through cooperation, not only through crisis response after the damage has already spread to all corners of the globe.

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All opinions expressed in this publication are those of the author.

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