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The Strait of Hormuz amid a Turbulent Gulf Region: From a Crucial Water Passage to a Destabilizing Factor to Global Energy Market

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The Strait of Hormuz amid a Turbulent Gulf Region: From a Crucial Water Passage to a Destabilizing Factor to Global Energy Market[1]

Said Albimani

For decades, the Strait of Hormuz has served as a crucial maritime gateway for the Gulf Cooperation Council (GCC) countries' energy exports, and their imports of commodities from across the world. Since the outbreak of the Iran-Iraq War (1980-1988), there have been concerns by energy consumers over the closure of the strait, with fears for the economic implications stemming from the geopolitical turmoil in the region. Today, the narrow water passage is responsible for the sea-borne shipment of over a quarter of the world's oil exports, and one-fifth of global natural liquid gas (LNG). Although the strait is 80 km long, the portion that is suitable for the passage of large oil carriers does not exceed 10 km wide, which makes sea navigation vulnerable to any military escalation. This makes the strait central to the stability of global energy markets, and therefore, disruption of the navigation of sea vessels poses severe implications for global energy prices, and for the GCC economies.

Since the first 12-day joint US-Israeli aggression against Iran in June 2025, concerns over the safety of sea navigation through the Strait of Hormuz have surfaced again. Despite the relatively marginal implications for maritime navigation, this attack triggered questions over the ability of the international community to safeguard the strait and ensure the continuation of hydrocarbon exports. The recurrence of joint US-Israeli strikes on Iran on February 28, 2026 led to a wider spread of the conflict, including ballistic missile and drone attacks by Iran on all the GCC states, mainly targeting US facilities and military bases. Iranian missile attacks included civilian infrastructure, international airports, hotels, oil facilities, ports, and logistic hubs in GCC capitals and territories, besides attacks on Israel itself. In early March 2026, and for the first time since the tanker war during the Iran-Iraq War, Tehran announced the closure of the strait to maritime traffic, despite claiming that it is only targeting US and Israeli ships, and those vessels heading to and from Israel. While partial or full closure of the strait leads to multiple implications for global energy consumers, it poses particular threats to GCC states' future economic aspirations. This motivates the GCC states to search for alternative

[1] **All articles published under "Gulf Insights" series have been discussed internally but they reflect the opinion and views of the authors, and do not reflect the views of the Center, the College of Arts and Sciences or Qatar University, including the terms and terminology used in this publication.**

means to transport hydrocarbons, bypassing the strait, especially Qatar, Bahrain, Kuwait, and Iraq that have no alternative shipping hubs.

For over two decades, oil prices have been oscillatory, including such fluctuations as the speculative rise that preceded the 2008 global financial crisis, and the collapse of prices during the crisis when the cost of oil fell to $40 a barrel. Oil prices witnessed a gradual recovery until they crashed again with the shale revolution in 2014, followed by a moderate recovery until the end of 2019, when the Covid-19 Pandemic caused a recession, and the Russian-Saudi oil price war took place, when the market was flooded through simultaneous supply. During the Russian invasion of Ukraine in February 2022, oil prices surged to $120, gradually stabilizing at between $60-$70. Following the second US-Israeli attack on Iran, a rapid regional escalation took place, as Iran started targeting GCC countries. In addition, it warned that any vessels passing through the Strait of Hormuz could become a potential target, which was followed by attacks on multiple oil carriers and container ships. Iran used projectiles and missiles to target sea vessels, as in the case of the attack in the Strait of Hormuz on the chemical tanker "*Skylight"*, and oil tankers "*Hercules Star"* and "*MKD Vyom*" in the Sea of Oman.

The risks over the safety of oil carriers have prompted the affected regional oil producers like Saudi Arabia, Kuwait and Iraq to cut production and re-route oil to storage facilities which were brimful after more than 10 days with no shipping. Although Saudi Arabia has for long sought an alternative oil export hub through the 1,200 km East-West Pipeline from Abqaiq in the Eastern Province to Yanbu in the Red Sea, this has its own limitations. The export capacity through Yanbu is limited to six million barrels per day (mbpd), compared to a capacity of 18-20 mbpd through the Strait of Hormuz. In addition, transit time could be up to five times that of through the Strait of Hormuz. The most critical vulnerability for the alternative shipping strategy of the Saudi oil could be the closure of the Strait of Bab Al-Mandab, if Iran's proxies, the Houthis, become active again, and start targeting vessels transiting through the southeastern entrance to the Red Sea.

This means that with the exception of the UAE and Oman, the GCC states will face a severe challenge in exporting their oil, which is vital to their national economies and development plans. Although the UAE has the ability to export oil by means of bypassing the Strait of Hormuz through the 370 km-long pipeline from Habshan in Abu Dhabi to Fujairah on the Sea of Oman which became active in 2012, the capacity of this pipeline remains limited to 1.8 mbpd, compared to the UAE's daily oil exports of nearly 3.2 mbpd. This means that despite investments in alternative export terminals, to bypass the vulnerability of the Strait of Hormuz, the crucial choke point remains the primary means for the export of Arabian Gulf oil.

While Qatar is supplying 20 percent of the world's LNG, consumers will fall back on their national reserves, with the suspension of Qatar's LNG production. On March 2, 2026, according to the Qatari Ministry of Defense, two LNG sites were struck by Iranian drones. This included the energy facilities in the industrial city of Mesaieed and in Ras Laffan, belonging to Qatar Energy, the world's largest LNG producer. The company declared force majeure to free itself from falling short of contractual obligations. This is assumed to impact Asian consumers, primarily Pakistan, India, and Bangladesh, but not China that gets most of its LNG from Australia.

Disruption to maritime navigation in the Strait of Hormuz, and attacks on various energy production and storage facilities not only affect the GCC countries but lead to wider implications that affect energy consumers and the major industrial states, and ultimately the whole global economic cycle. As an immediate effect, closure of the strait caused a spike in oil prices that reached $144 per barrel by March 13, 2026. This sudden rise in prices, and over the short term, led to market volatility through increased insurance costs, which exacerbated the rise in delivery charges and therefore, the final price of the delivered crude oil. In addition, disruption to maritime traffic and the smooth flow of oil exports through the strait impacted the oil industry, with the shortages that refineries face, especially in Asia, which consequently affects trade, and long-term investments. This in turn led to strategic adjustments whereby consumers release strategic reserves to stabilize prices. The implications of the closure of the strait are not limited to the energy sector alone, but extend to include supply chains, creating bottlenecks at ports and a shortage of raw materials and various commodities.

The major industrial countries in Asia will have to navigate energy insecurity, through searching for alternative suppliers, which could be challenging over the short term. As the world's leading importer of Middle East oil, China will face challenging times, since 50 percent of its oil imports come from the Arabian Gulf. Reciprocally, imported goods from China to the region will not only be subject to an increase in price, but will face a delay due to the slowed production cycle and delayed shipping process. The impact on the Chinese economy may motivate Beijing to respond through military presence, considering the notable activity of the Chinese Navy in the region in recent years. This on its own has the potential to create regional alliances through collaboration with its regional partners at the expense of its security partnership with Iran. Likewise, Japan, South Korea, and India are heavily affected, with over 70 percent of their energy [imports coming from the Gulf.]

It is no surprise that the current crisis at the Strait of Hormuz has triggered once again the vulnerability of the strategic maritime corridor that represents the economic artery of the energy producers in the Arab Gulf region, and is the backbone of the oil consumers' economies and industrial cycles. This clearly illustrates how regional conflict may rapidly translate into a global economic crisis that widens the conflict, destabilizes international energy markets, impacts energy consumers, and at root, poses severe implications for the energy producers themselves.

About the author

Said is a retired colonel and a fighter pilot from the Royal Air Force of Oman with 32 years of military service in the Omani Armed Forces and five years of service in Qatar Emiri Air Force as aero science lecturer. He has a graduate diploma in military sciences from the Australian Command and Staff College, a master degree in Strategy and Policy from the University of New South Wales (Australia), a master's degree in Political Science from Auburn University at Montgomery (USA), a graduate diploma in strategic studies from the Air War College (Alabama, USA), an Executive MBA from Faulkner University (USA), and a PhD degree in Gulf Studies from Qatar University. His field of interest is mainly politics and security. He wrote a book chapter about Oman's foreign policy towards the Arab Gulf region, and his PhD dissertation was about maritime security in the Arab Gulf region.

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