



## SPECIAL REPORT · IRAN / HORMUZ / ENERGY SECURITY

# Hormuz Under Pressure: Energy War, Iran and the New Geopolitics of Bypass Infrastructure

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## Executive summary

The Strait of Hormuz remains one of the few points in the global system where a regional conflict can affect energy prices, LNG supply, insurance, maritime transport, industrial production and political cycles within days. The chokepoint is not abstract. According to the International Energy Agency, almost 20 million barrels per day of crude oil and oil products moved through Hormuz in 2025, roughly one quarter of global seaborne oil trade. Large volumes of Qatari and Emirati LNG also depend on the same passage. A sustained disruption would therefore not be a local Gulf problem. It would be a global price and supply shock.

The central change is that Hormuz should no longer be treated only as a mine-clearing or naval escort problem. Iran can create pressure through missiles, drones, coastal weapons, proxies, cyber tools, insurance fear, port signals and attacks on energy infrastructure. At the same time, the value of the chokepoint declines as Saudi Arabia, the United Arab Emirates and potential future corridors toward the Red Sea, Fujairah, Jordan, Israel, Cyprus, Greece or the Mediterranean move more volume around Hormuz. This creates a new escalation logic: the more credible bypass capacity becomes, the more tempted Tehran may be to use remaining leverage earlier and more riskily.

The United States now has a different toolkit than it had a decade ago. American oil, gas, LNG, coal, technology and financial power increase Washington's ability to pressure Iran while cushioning market stress. This dominance is not unlimited. Refined products, diesel, insurance, tanker movements, Chinese demand, Russian refinery disruption, Red Sea pressure and LNG spot markets can quickly reduce the buffer.

For organisations, Hormuz is not only an energy-price issue. It is a crisis-chain issue: fuel costs, flight costs, shipping routes, port delays, war-risk premiums, fertiliser production, power security in LNG-dependent countries, contract clauses, payment systems, sanctions, personnel protection in the Gulf and political reaction times are connected. Organisations that monitor only Brent crude will see the crisis too late.

## What matters now

**Hormuz remains systemic.** The IEA estimates that almost 20 million barrels per day of oil and oil products transited the passage in 2025. Around 80% of crude flows moved to Asia, with China and India among the central buyers. Almost 20% of global LNG trade also moved through the same route. For Qatar and the UAE, the LNG exposure is especially acute because there is no real short-term alternative to bring these volumes to market.

**Bypass capacity is valuable but limited.** Saudi Arabia's East-West Pipeline to Yanbu and the UAE's Abu Dhabi Crude Oil Pipeline to Fujairah are the most important existing alternatives. The IEA estimates available diversion capacity at 3.5 to 5.5 million barrels per day in early 2026, depending on operating conditions, export infrastructure and logistics. Even under strong utilisation, these routes do not replace the full Hormuz function. They do, however, change the political and military calculation by reducing Tehran's monopoly on coercion.

**The chokepoint is shifting from waterway to infrastructure chain.** If more oil moves through Yanbu or Fujairah, pipelines, pumping stations, export terminals, storage sites, desalination plants, power supply, port operations and air defence become central risk points. An attacker does not have to stop every ship. It may be enough to disrupt a terminal, a pipeline, an insurance assumption or port clearance.

**China is not a bystander.** China is a major energy buyer, importer, financial actor and strategic competitor of the United States. If Iran, Red Sea disruption or sanctions raise Chinese supply costs, Beijing comes under pressure. China can also influence the market through demand, strategic reserves, refinery exports, banks, shipping companies and diplomacy. Any Hormuz analysis that omits China is incomplete.

## Current operating picture

Hormuz links the Persian Gulf to the Gulf of Oman and the Arabian Sea. At its narrowest point, the passage is only a few dozen nautical miles wide; navigable lanes are much narrower. This geography has made the Strait the world's most important energy chokepoint for decades. What has changed is the threat model. The older question was whether Iran could mine the Strait and how quickly it could be cleared. The present question is broader: can Iran use combined maritime, air, infrastructure, cyber and proxy tools to create enough uncertainty to force markets, governments and companies to change behaviour?

The IEA factsheet makes the vulnerability clear. Nearly 15 million barrels per day of crude and almost 5 million barrels per day of oil products passed through the Strait in 2025. Saudi Arabia, the UAE, Kuwait, Iraq, Qatar, Bahrain and Iran use Hormuz as a primary export corridor. Only Saudi Arabia and the UAE possess significant active pipeline alternatives. Iran has a theoretical bypass through Jask on the Gulf of Oman, but the IEA does not treat it as a viable crude-export option in early 2026.

The LNG picture is tighter. Qatar exported more than 112 bcm of LNG in 2025 and remains one of the world's key suppliers. Almost all Qatari and Emirati LNG exports need Hormuz. If the route is disrupted for a sustained period, there is no quick substitute pipeline, no alternative port and no short-term global spare capacity able to absorb the shock. Price-sensitive Asian markets and European spot buyers would face volatility and supply decisions quickly.

The political geography is also changing. Saudi Arabia can move more volume toward the Red Sea if the East-West Pipeline and Yanbu can support it. The UAE can export through Fujairah directly on the Gulf of Oman. Additional bypass capacity is not merely an economic project. It is strategic infrastructure. Whoever builds, protects and finances it changes the balance of power in the Gulf.

## Key risk mechanisms

### 1. Iranian leverage is broader but riskier

Tehran cannot close Hormuz indefinitely without harming itself and its remaining partners. But Iran does not need total closure to create leverage. Partial disruption can work: attacks on selected tankers, drones over routes, missiles against coastal facilities, threats against insurers, cyber attacks on port or energy firms, proxy pressure in the Red Sea or signals against Gulf infrastructure. The purpose may not be physical blockade. It may be uncertainty, higher prices and political costs for Washington, Gulf states and Asian buyers.

This makes the situation dangerous. The more sanctions, military pressure and revenue loss bite, the greater the risk that Iran uses limited escalation as a pressure instrument. At the same time, a major attack on Gulf energy infrastructure would be risky for the regime because it would make a direct response by the United States and Gulf states more likely. The most likely space is therefore between pinpricks and controlled escalation.

## 2. Bypass infrastructure creates new target sets

Every pipeline that bypasses Hormuz reduces Iranian coercive leverage. It also creates new target points. The East-West Pipeline to Yanbu, ADCOP to Fujairah, export terminals, pumping stations, storage sites, offshore links and power supply become strategic assets. Past Houthi attacks on Saudi energy infrastructure show that such systems are not theoretically vulnerable; they have already been tested. Protecting them requires air defence, counter-drone systems, repair capacity, spare parts, fire protection, coastal security and cyber hardening.

For organisations, this means that a bypass is not automatically a safe route. It is a different route with a different risk profile. The key questions are practical: Is the pipeline actually available? Are export terminals congested? Are enough tankers available? Have insurers adjusted? Can drone attacks be defeated? How quickly can damage be repaired? Which states guarantee security?

## 3. Refined products may become the hidden chokepoint

Oil debates often focus on crude. In a real Hormuz crisis, diesel, jet fuel, fuel oil, petrochemical inputs and refinery capacity can matter more quickly. If Russian refineries are under pressure from Ukrainian strikes, the Gulf exports fewer products, Red Sea routes become more expensive and US refineries must export more, industrial users face stress. Airlines, logistics companies, construction firms, agriculture, mines, aid organisations and state emergency services may feel this before financial indicators look severe.

The operational indicators are therefore not only Brent and WTI. Diesel spreads, jet fuel availability, bunker prices, refinery outages, export restrictions, freight costs and inventories show whether a price shock is turning into real movement and production problems.

## 4. LNG makes the crisis politically sensitive

An oil shock is visible. An LNG shock can cut deeper politically because it affects power supply, industrial output and winter preparedness. Qatar and the UAE cannot bring their LNG exports to market without Hormuz at scale. The IEA warns that a loss of nearly 20% of global LNG supply would place heavy pressure on spot markets in Asia and Europe. States whose electricity or industry relies heavily on LNG are especially exposed.

Europe's direct volume exposure is lower than Asia's, but the price signal would be global. Organisations with energy-intensive production, data centres, chemicals, fertiliser, steel, glass, logistics or cold chains should treat LNG and power prices as security indicators, not only procurement inputs.

## 5. American energy power is both instrument and vulnerability

The United States benefits from high domestic energy production, LNG capacity, coal exports, refinery capacity, financial power and military presence. These factors increase Washington's ability to pressure Iran economically and support allies. A global price shock would still create domestic political costs. Gasoline prices, diesel, inflation, industrial prices and election cycles influence the room for manoeuvre of any US administration.

This creates two clocks: the operational clock of energy flows and the political clock of domestic tolerance. Iran and its partners can try to play them against each other. Washington must therefore manage market stabilisation, military deterrence, sanctions, Gulf security and communication simultaneously.

## Early warning indicators

- New attacks or credible threats against tankers, pilots, ports, offshore facilities or energy infrastructure in the Persian Gulf, Gulf of Oman or Red Sea.
- Insurers raise war-risk premiums, exclude certain routes or require additional security measures.

- Declines in tanker transits, longer waiting times, unusual AIS patterns, more ship-to-ship transfers or port congestion.
- Disruptions at Yanbu, Fujairah, Abqaiq, Habshan, pumping stations, storage sites, desalination plants or power supply.
- Saudi or Emirati announcements on pipeline expansion, export terminals, air defence or international security arrangements.
- Stronger Chinese demand while Hormuz flows remain constrained.
- New sanctions targeting Chinese refineries, banks, shipping companies or oil-trading networks linked to Iran.
- Diesel, jet fuel or bunker prices rise faster than crude.
- Asian and European LNG spot prices react more sharply than oil prices.
- Houthi or Iraqi militia activity shifts toward Red Sea, Gulf or energy-infrastructure targets.

## Implications for organisations

Organisations should treat Hormuz as a chain risk. A single event in the Strait can affect flight costs, sea freight, insurance, production margins, travel plans, crisis budgets and delivery schedules at the same time. The most exposed organisations include firms with Gulf sites, energy-intensive production, LNG dependence, maritime transport, international construction projects, fertiliser or chemical supply chains, data centres and personnel movements in Gulf states.

For companies in the Gulf, the first check is site and personnel protection: air-alert procedures, shelters, medical evacuation, driver and hotel chains, communications during mobile-network disruption, reliance on desalination and power, and local government contacts. For companies outside the region, the key risks are prices, contracts, alternative routes, insurance and suppliers.

The second layer is sanctions and counterparty risk. If Washington moves harder against Iranian oil flows, Chinese intermediaries, shadow fleets, banks or insurers, payments, charter contracts, deliveries and compliance reviews can be blocked at short notice. Organisations should not wait until a contract is formally prohibited. Early review saves time when banks or authorities later request evidence.

The third layer is communication. Energy crises create internal uncertainty: procurement asks about prices, logistics about routes, HR about travel, security about evacuation, finance about liquidity and legal about sanctions. Without a shared operating picture, decisions conflict. A Hormuz crisis picture should therefore merge crude, products, LNG, insurance, routes, sanctions and local security reporting on a daily basis.

## Recommended actions

**1. Merge energy and security monitoring.** Crisis teams should track Brent, WTI, diesel, jet fuel, LNG, war-risk premiums, tanker transits, port notices and security warnings in one dashboard. Separate monitoring produces late decisions.

**2. Review contract and insurance clauses.** Organisations should check force majeure, war risk, sanctions, alternative port, demurrage and price-adjustment clauses for Gulf, Red Sea and LNG-related supply chains. The key question is who pays when routes lengthen, ports are blocked or insurance becomes more expensive.

**3. Assess suppliers by route, not only by country.** A supplier in a stable state can still be exposed if raw materials, energy, components or ships move through Hormuz, Bab el-Mandeb or Suez. Supplier questionnaires should capture real routes and energy dependence.

**4. Update Gulf personnel planning.** Sites in Gulf states need clear rules for shelter, evacuation, medical support, movement during alerts, dependants, school closures and repatriation. The question is not only attack probability, but response capacity under infrastructure stress.

**5. Bring sanctions and counterparty review forward.** Oil, shipping, banking, insurance and trading relationships with Iran, Russia or shadow-fleet exposure should be reviewed before escalation. Banks can stop transactions before an organisation is operationally prepared.

**6. Use refined products as early warning.** Diesel, jet fuel and bunker prices often show earlier than crude whether a crisis is creating real operating pressure. Logistics, construction, agriculture, aviation and aid organisations should define their own thresholds.

## Scenarios for the next 6 to 18 months

**Scenario 1: Limited disruption with controlled market adjustment.** Hormuz remains tense, but tankers continue moving, bypass routes scale up, and the United States and Gulf states prevent a sustained interruption. Prices remain elevated but manageable. This scenario is demanding for organisations, but plannable. The main effects are insurance, freight, diesel, jet fuel and contract risk.

**Scenario 2: Repeated pinpricks against shipping and infrastructure.** Iran or aligned actors avoid a full closure but generate repeated uncertainty. Individual tankers, ports, counter-drone systems, pumping stations or export terminals are threatened or attacked. This scenario is plausible because it creates political pressure without immediately provoking maximum retaliation. For organisations it is difficult because routes are not formally closed but are no longer reliably stable.

**Scenario 3: Attack on bypass infrastructure.** Tehran or aligned actors target not the Strait itself, but the systems that bypass it: the East-West Pipeline, Fujairah, Yanbu, pumping stations, storage tanks, desalination plants or port logistics. This is strategically plausible because it would damage the credibility of alternative routes. It is also risky because direct attacks on Gulf infrastructure increase the probability of military response.

**Scenario 4: LNG shock.** A sustained disruption affects not only oil but Qatari and Emirati LNG exports. Asian buyers, European spot markets and energy-intensive industries would react quickly. The effect would be politically more sensitive than many oil-price shocks because power supply, fertiliser, chemicals, cooling and industrial output would be affected.

**Scenario 5: Sanctions and China escalation.** Washington tightens measures against Chinese refineries, banks, shipping companies or shadow-fleet structures linked to Iran. That would raise pressure on Tehran but could trigger countermeasures, market stress and compliance disruption. Organisations with trade, finance or logistics exposure to China, Gulf energy or commodities would need rapid counterparty review.

## Decision logic for security leaders

Hormuz should be managed across three layers: physical movement, market stress and counterparty risk. The physical layer includes tankers, ports, pipelines, personnel, air defence, counter-drone systems, evacuation and site protection. The market layer includes crude oil, refined products, LNG, insurance, freight, inventories and prices. The counterparty layer includes sanctions, banks, shipping companies, insurers, intermediaries and state-owned enterprises.

Many organisations look at only one of these layers. That is insufficient. A company may have no direct Gulf exposure and still be affected if diesel prices rise, an LNG-dependent supplier curtails production or a bank freezes payments for sanctions review. Conversely, a Gulf site may appear physically stable while insurers, dependants, schools, medical providers or desalination dependence weaken the operating picture.

The best indicator is rarely a single headline. The decisive signal is a combination: fewer tanker movements plus higher war-risk premiums plus diesel spreads plus a drone report plus new US sanctions guidance. If three of these signals appear together, an organisation should not wait for a government to formally call it a crisis. It should review routes, contracts, personnel movements and liquidity planning immediately.

## Selected sources

- International Energy Agency, Strait of Hormuz Factsheet, February 2026.
- US Energy Information Administration, Strait of Hormuz analysis and oil-transit chokepoint background.
- Foundation for Defense of Democracies, public analysis on the Strait of Hormuz, energy markets and Iran-related coercion, 2026.
- Reuters and Bloomberg reporting on Gulf energy routes, Saudi East-West Pipeline, UAE Fujairah capacity and oil-market pressure, 2026.
- NATO and Allied public reporting on maritime security, critical-infrastructure protection and regional deterrence posture.
- Public shipping, insurance and energy-market reporting reviewed up to 19 August 2026.

## Method note

This report is based on open-source material reviewed up to 19 August 2026 and analytical assessment by SF Custos Global. It does not replace legal, insurance, sanctions, medical or country-specific professional advice.