



The Iran War and the Weaponisation of the Global Energy System

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SYNOPSIS

The article argues that the Iran war has evolved into a systemic energy conflict, where maritime chokepoints like Hormuz and critical infrastructure disruptions weaponise global energy flows. Rather than a full blockade, Iran creates selective transit risks, causing economic shockwaves – higher prices, inflation, and trade disruptions – rendering the conflict a global economic-security crisis.

COMMENTARY

From Military Conflict to Systemic Disruption

The ongoing conflict between Iran, Israel, and the United States is no longer best understood as a conventional regional war. While military exchanges – airstrikes, missile attacks, and proxy engagements – remain central, the conflict has moved into a deeper and more consequential domain: the weaponisation of energy systems, maritime chokepoints, and global economic infrastructure.

This transformation marks a critical escalation. The war is no longer confined to battlefield attrition or deterrence signalling. Instead, it is evolving into a coercive energy-security crisis – one that threatens not only regional stability but also the functioning of the global economy itself.

At its core, the conflict now operates simultaneously across multiple layers. Conventional military strikes continue, targeting missile systems, command structures, and logistics networks. Yet these battlefield dynamics are increasingly intertwined with a second layer: the deliberate disruption of energy infrastructure and maritime flows. A third layer then amplifies these effects globally, as shocks to oil

and gas supply cascade through inflation, trade, and financial systems. It is the interaction between these layers – not any single dimension – that defines the current phase of the war.

Hormuz: From Chokepoint to Coercive Transit Regime

For Iran, this shift reflects both necessity and strategy. Facing overwhelming conventional military asymmetry, Tehran has relied on its strongest structural advantage: geography. Positioned along the Strait of Hormuz, one of the world's most critical energy chokepoints, Iran does not need to achieve naval dominance to assert influence. Instead, it has pursued a strategy of denial and risk creation – raising the cost and uncertainty of maritime transit to levels that disrupt normal commercial activity.

The result is that the Strait of Hormuz has become the central theatre of the conflict's transformation. Yet it would be misleading to describe the current situation as a simple closure of the waterway. Rather, Hormuz is increasingly functioning as a coercive and selective transit regime. Iran has signalled that ships not linked to "enemy" states may continue to pass, while vessels associated with the United States, Israel, or their partners face heightened risk or exclusion. In practice, this creates a fragmented maritime environment where access depends on political alignment, transit requires coordination under threat conditions, and insurance and operational costs have surged dramatically.

This is not a conventional blockade. It is a hybrid form of maritime control where ambiguity and risk are deployed as instruments of economic coercion. Even without a complete shutdown, the disruption to normal shipping patterns is significant. Missile and drone attacks on commercial vessels in surrounding waters have pushed maritime security assessments to near-wartime levels, reinforcing an environment where uncertainty alone is sufficient to deter or delay shipping flows.

Energy Infrastructure as a Strategic Target

At the same time, the conflict has expanded beyond shipping into energy infrastructure itself. The attack on Qatar's Ras Laffan industrial complex on 18 March represents a pivotal escalation. Subsequent reports suggest that the damage could eliminate about 17 per cent of Qatar's LNG production capacity for several years, with force majeure declared on exports. (A Force Majeure clause is a contractual provision that relieves a party from liability for failing to meet obligations due to unforeseeable, extraordinary events beyond their control, such as war, natural disasters, or government-imposed restrictions.)

This development is strategically profound. Qatar is a cornerstone of global LNG supply, with much of its output destined for Asian markets. The disruption, therefore, affects not only prices but also the physical availability of gas.

In this sense, the war has crossed a critical threshold. It is no longer merely threatening energy infrastructure; it is actively impairing a key node of the global

energy system. What was once a regional military conflict is now exerting systemic economic effects.

These effects are transmitted through both physical and financial channels. On the physical side, damaged infrastructure, reduced tanker traffic, and rerouted shipments are tightening supply. On the financial side, rising insurance costs, precautionary stockpiling, and escalating uncertainty are amplifying volatility in energy markets. Oil prices reflect this dual dynamic.

Forecasts suggest Brent crude could average around US\$110 per barrel in the near term, with potential spikes significantly higher under prolonged disruption. Yet price movements are not purely directional. Markets are also responding to mitigating forces, including possible sanctions adjustments, strategic stock releases, and diplomatic interventions.

The result is a market driven as much by uncertainty as by scarcity. The crisis is not simply about the quantity of energy available, but about how reliably it can be delivered.

Global Economic Transmission

The broader economic consequences are already becoming apparent. Higher energy costs are driving up fertiliser prices, sparking concerns about global food security. Shipping disruptions and insurance spikes are complicating trade flows. Energy-intensive industries are facing increased costs, while inflationary pressures are intensifying across economies. For Asia in particular – where dependence on Gulf LNG is highest – the impact is especially acute, turning the conflict into a direct economic-security challenge rather than a distant geopolitical event.

Faced with these pressures, international responses have accelerated. The International Energy Agency has coordinated a large-scale release of strategic reserves and is actively consulting governments on further measures. Such actions indicate that the situation has moved beyond a typical geopolitical risk premium into a phase of active energy-security management.

Yet these interventions also reveal the limits of control. Strategic reserves can cushion shocks, but they cannot replace sustained supply disruptions. Naval deployments can reduce risk but not eliminate it. Diplomatic efforts can influence behaviour but cannot fully stabilise a system under structural strain. External actors can mitigate the crisis, but they cannot fully contain it under current conditions.

Despite the scale of disruption, it is important not to overstate the strategic intent of the actors involved. There is little evidence that any party is aiming for the total breakdown of the global energy system. Instead, the emerging pattern is one of coercive escalation. Iran is exploiting chokepoints and interdependence to impose systemic costs. Israel is focused on degrading Iran's military-industrial and war-sustaining capabilities. The United States is attempting to preserve freedom of navigation and stabilise markets while avoiding uncontrolled escalation.

This establishes a fragile equilibrium. All sides are applying pressure, but none fully controls the outcomes. Each incremental move risks amplifying systemic effects that reach well beyond the immediate conflict zone.

Conclusion: A New Phase of Conflict

The trajectory of the conflict is therefore constrained, but also inherently unstable. Iran's capacity to sustain prolonged disruption carries the risk of severe retaliation and economic self-damage. Israel and the United States, for their part, cannot fully neutralise the vulnerability inherent in global chokepoints. Meanwhile, international mitigation mechanisms cannot indefinitely offset the combined impact of physical damage and logistical disruption.

The result is a global system under sustained stress, in which localised actions generate far-reaching consequences.

The Iran war has thus entered a new phase – one defined not only by military confrontation but also by the weaponisation of the infrastructure underpinning the global economy. Energy flows, shipping lanes, and logistical systems are no longer passive backdrops to conflict; they have become central instruments of strategy.

This does not yet constitute a fully realised “global energy war” in the maximal sense. But it does represent something equally significant: a systemic energy conflict in which power is exercised through disruption, uncertainty, and interdependence.

As long as the conflict persists at this level, its implications will extend far beyond the region – reshaping not only geopolitical alignments but also the structure and stability of the global economic order itself.

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