

IRAN

OMAN

20% OF GLOBAL OIL IS OFFLINE.

That's Not *the* Supply Chain Story.

THE RIPPLE EFFECTS YOUR BOARD ISN'T WATCHING

EFFECTIVELY CLOSED SINCE MARCH 5, 2026



Insurance

CLOSED THE STRAIT,
NOT WARSHIPS

“...”

GLOBAL FERTILIZER
TRADE BLOCKED

45%

GLOBAL SULFUR
SUPPLY PAUSED

450k

TEU CONTAINERS
STRANDED

“6 mo”

REALISTIC
RECOVERY HORIZON

20% of Global Oil Is Offline.

*That's Not **the** Supply Chain Story.*

Everyone is watching energy markets. The more consequential disruption is happening in industries most executives have never connected to the Persian Gulf - until now.

The Strait of Hormuz has not been physically blocked. There is no naval barrier, no chain of warships across the channel. It has been closed by something harder to reopen: the withdrawal of war risk insurance. When Lloyd's syndicates pull coverage, ship owners cannot transit regardless of the military situation on the water. The Strait is technically open. Commercially, it has been closed since March 5.^[1]

That distinction matters for how you think about recovery timelines. A ceasefire does not reopen the Strait. Insurance restoration, mine clearance confirmation, and incident-free transit over a meaningful period are all prerequisites - a process that takes weeks to months even after guns fall silent. Businesses planning around a near-term normalization are planning around a wish. The realistic recovery horizon, even under an optimistic scenario, is three to six months from any ceasefire.^[2]

But the more important point, the one almost entirely absent from the coverage your board has been reading, is that oil is not the only the thing to be watching.

"The supply chain damage is in the footnotes. And the footnotes are where businesses actually live."

The ripple effects beyond oil

The Strait of Hormuz is not a pipeline. It is a corridor through which an extraordinary range of industrial inputs move. When it closes, it does not merely raise fuel costs. It simultaneously disrupts the upstream ingredients of food, metals, semiconductors, pharmaceuticals, and consumer goods. Here is what that looks like in practice:

Fertilizers

Roughly one-third of global fertilizer trade transits the Strait, including large volumes of nitrogen exports. Urea prices at the New Orleans hub have already risen from \$475 to \$680 per metric ton.^[3] The timing is acutely bad: this is the spring

planting window for soy and corn across the American Midwest. If shipments remain blocked through April, the impact will not appear in prices this month - it will appear in harvest yields this autumn and food prices into 2027.

Sulfur

Gulf countries supply 45% of global sulfur - a byproduct of oil and gas processing with no easy substitute.^[4] Its downstream uses include fertilizer production, copper ore processing, and pharmaceutical manufacturing. A sulfur shortage compounds the fertilizer problem and hits metals production simultaneously.

Helium

Qatar is among the world's largest helium producers, and the Strait is its primary export route.^[5] Helium is not a party balloon commodity, rather it is a critical input for semiconductor manufacturing. Any business with exposure to AI infrastructure buildout or chip supply in 2026 should be watching Qatar's Ras Laffan facility status carefully.

Aluminum & plastics

The Middle East accounted for roughly 21% of global aluminum production in 2025. Approximately 85% of the region's polyethylene exports transit Hormuz.^[6] Aluminum feeds automotive components, packaging, construction, and consumer electronics. Polyethylene is the feedstock for the plastic in virtually everything.

Pharmaceuticals

Many generic drug API (Active Pharmaceutical Ingredient) supply chains run through Indian and Gulf-based manufacturers with Hormuz-dependent logistics.^[6] Petrochemical inputs, plastics, rubber, batteries, and sugar are among the other affected inputs — a list that cuts across almost every consumer goods category.

Containers

Approximately 450,000 TEU of containers are currently stranded inside the Gulf.^[7] Every empty box stranded there is a box that cannot be repositioned to move cargo anywhere else. The container shortage that plagued supply chains in 2021 has a structural parallel here, caused not by pandemic-driven demand surge, but by active military conflict with no clear resolution horizon.

The Gulf states: exporters who cannot import

Western coverage has discussed Gulf states almost exclusively as *exporters* suffering blocked oil revenues. The overlooked dimension is that they are simultaneously suffering as *importers*. The Middle East imports approximately 85% of its food.^[7] Airspace closures have grounded over 40,000 flights, forcing air freight to prioritize military and medical cargo over perishables. Jebel Ali in Dubai (the ninth-largest

port in the world and the primary transshipment hub for the entire region, East Africa, and South Asia) is congested and effectively cut off.

Dubai handles 15% of the world's gold trade. That market is currently throttled.^[8] GCC commercial bank deposits reached \$2.3 trillion last year, with significant non-resident holdings in both Qatar and the UAE creating capital flight risk that would reverberate well beyond the region if confidence erodes.^[8]

The reputational damage may prove more durable than the conflict itself. For decades, Gulf states cultivated their brand as dependable, politically neutral energy suppliers, deliberately stepping back from the weaponization of oil and gas after the 1970s. That tradition of restraint has been shattered.^[9] Goldman Sachs projects Qatar and Kuwait could each see GDP contract by 14% this year if disruption persists through April.

The question your organization should be asking

The instinct in a crisis is to ask whether your business has direct Gulf exposure. That is the wrong question. The right one is: *how many of your suppliers' suppliers touch the Persian Gulf - and do you actually know?*

Third- and fourth-tier supply chain opacity is precisely the vulnerability the last five years were supposed to teach us to eliminate. Fertilizer prices affect food manufacturers. Aluminum affects packaging, construction, and automotive. Polyethylene affects virtually every product that ships in a box. The connectivity is broader than most organizations have mapped and the current disruption will stress-test every assumption built into supply chain models designed for a more stable world.

The companies that emerge from this period in stronger competitive position will not be those with the most elegant scenario models. They will be the ones with the most options: alternative suppliers already qualified, logistics redundancy already built, and the institutional discipline to act on contingency plans before those plans become the only plans.

Notes

[1] War risk insurance withdrawn effective March 5, 2026. Carra Globe, Strait of Hormuz Closure 2026, March 2026.

[2] Congressional Research Service, Iran Conflict and the Strait of Hormuz: Impacts on Oil, Gas, and Other Commodities, March 11, 2026.

[3] CNBC, How Strait of Hormuz Closure Can Become Tipping Point for Global Economy, March 11, 2026.

[4] Wikipedia, Economic Impact of the 2026 Iran War.

[5] Congressional Research Service, op. cit.

[6] CNBC, op. cit.

[7] Supply Chain Digital, How US-Iran Conflict Is Reshaping Global Supply Chains, March 2026.

[8] Foreign Policy, The Iran War's Spread to Dubai, Saudi Arabia, and Qatar, March 4, 2026.

[9] TIME, How the War on Iran Threatens the Global Economy, March 11, 2026.

This article draws on research prepared for an executive briefing on supply chain resilience in the current geopolitical environment. If these themes are relevant to your organization's risk posture, I welcome the conversation.

#SupplyChain #GlobalTrade #RiskManagement #StraitOfHormuz #OperationsStrategy #Leadership

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