How a Conflict in the Persian Gulf is Threatening Farms and Food around the World

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Introduction: A War That Touched Everyone's Plate

In early 2026, military jets struck targets in Iran. Within days, a narrow strip of ocean — just 33 kilometres wide at its tightest point — became one of the most consequential passages on earth. The Strait of Hormuz, the gateway connecting the Persian Gulf to the rest of the world's oceans, was effectively closed to commercial shipping. And the consequences were felt not just in oil markets, but in the price of rice in Bangladesh, the cost of corn fertilizer in the American Midwest, and the livelihoods of rice farmers in India. This is the story of how a military conflict thousands of kilometres away can raise the price of food on your dinner table — and why the world's food system is far more fragile than most people realise.

Modern agriculture is not just about soil, rain, and hard work. It is deeply woven into a global web of energy, shipping lanes, financial systems, and international trade. When that web is cut — even at a single point — the consequences travel fast and far. The Persian Gulf crisis of 2026 has shown just how fast.

"A military conflict that never touches a single farm can still raise fertilizer prices on four continents."

To understand why, we need to follow the chain of events: from military strikes, to a blocked strait, to empty fertilizer warehouses, to farmers who cannot afford to plant their crops — and, ultimately, to families who cannot afford to buy food.

The Conflict That Started It All

For years, tensions between Iran and Israel had been building. Disputes over Iran's nuclear programme — its efforts to enrich uranium to levels that Israel considered a threat — had simmered through failed negotiations and intermittent skirmishes. By mid-2025, after a twelve-day exchange of aerial attacks, the two sides were edging closer to open conflict. Diplomatic talks had stalled completely.

On February 28, 2026, the United States and Israel launched coordinated strikes on several sites inside Iran. The targets included nuclear facilities, missile infrastructure, and — crucially — the South Pars gas field: one of the largest natural gas deposits anywhere on earth, which powers roughly 90 percent of Iran's homes and factories.

Iran's response was swift. Its military forces began attacking commercial ships attempting to pass through the Strait of Hormuz. In the first week alone, tanker traffic through the strait fell by approximately 70 percent. Insurance companies refused to cover ships making the crossing. Without insurance, most shipping operators had no choice but to turn around or stay in port. Oil markets reacted immediately. The global price of crude oil surged from around $73 per barrel before the conflict to a peak of $126 per barrel within weeks. But the impact on oil, as dramatic as it was, tells only part of the story. The deeper crisis was unfolding in fertilizer markets — and most of the world hadn't noticed yet.

Tanker traffic through the Strait of Hormuz fell by approximately 70% in the first week of the conflict.

The Hidden Link Between Gas and Food

Why Natural Gas Feeds Crops

Most people know that food comes from farms. Fewer know that modern farming depends, to a remarkable degree, on natural gas. The connection runs through fertilizer — and specifically through a substance called nitrogen. Plants need nitrogen to grow. They cannot absorb it directly from the air, even though the atmosphere is almost 80 percent nitrogen. Instead, they need it delivered in a usable form — usually as urea, the world's most widely traded nitrogen fertilizer. Producing urea requires a process called the Haber-Bosch reaction, which has been described as one of the most important chemical innovations in human history. Without it, the world could not grow nearly enough food to feed its current population.

The Haber-Bosch process combines nitrogen from the air with hydrogen stripped from natural gas, under intense heat and pressure, to produce ammonia. The ammonia is then converted into urea. Natural gas is not just a fuel here — it is also a raw material. This means that wherever natural gas is cheap and abundant, urea fertilizer can be produced economically. And for decades, the Persian Gulf has had both in abundance.

The Gulf's Role in Feeding the World

Countries like Iran, Qatar, Saudi Arabia, and the United Arab Emirates have invested heavily in fertilizer plants that run on their cheap domestic gas. By 2024, the

Persian Gulf region supplied roughly a third of all the urea traded globally, and nearly a quarter of all traded ammonia. The Strait of Hormuz — that same 33-kilometre passage now under siege — is how almost all of it reaches the rest of the world.

When the strait closed, the supply chain snapped. Fertilizer plants in the Gulf couldn't ship their products. Countries that import liquefied natural gas (LNG) from the Gulf to run their own fertilizer factories found their feedstock suddenly unavailable or unaffordably expensive. The disruption hit two ways at once: it blocked Gulf fertilizer exports directly, and it cut the supply of gas that other countries needed to make their own. The numbers were stark. Within two weeks of the February 28 strikes, the global benchmark price for urea rose by 26 percent — from $465 to $585 per metric ton. At American ports, the price jumped 32 percent in a single week. One analyst estimated that urea prices could double if the strait closure continued. By comparison, the amount of urea you needed to sell in corn just to buy fertilizer rose from the equivalent of 75 bushels in December 2025 to 126 bushels by early March 2026. Farmers do not typically have that kind of margin to absorb.

Global urea prices rose 26% within just two weeks of the conflict — a shock that rippled from Gulf gas fields to farms worldwide.

In Bangladesh, four out of five government fertilizer factories shut down because they could no longer afford to import the gas needed to run them. These five plants serve roughly 17 million smallholder farmers — people who grow rice and vegetables on small plots of land and have almost no financial cushion. In India, three of thirty urea plants reduced production. In Egypt, fertilizer manufacturers lost access to Israeli offshore gas supplies they had been relying on, and found themselves competing for whatever was left on an already depleted global market.

Who Suffers Most — and Why the Timing Makes It Worse
The Most Vulnerable Countries

Food crises, like most economic shocks, hit the poorest hardest. The World Food Programme estimated in March 2026 that, if the conflict did not subside by mid-year, an additional 45 million people could be pushed into acute hunger — on top of the 318 million already in food crisis globally. The countries most at risk were Bangladesh, India, Pakistan, and Sri Lanka in South Asia; Sudan, Kenya, and Somalia in East Africa; and Turkey and Jordan in the Middle East. In many of these places, families spend between 40 and 60 percent of their income on food. A 10 percent rise in the price of staple foods is not an inconvenience — it is a crisis. Children under five are disproportionately at risk, because malnutrition during early childhood causes lasting developmental harm. Sub-Saharan Africa deserves particular attention. Countries like Ethiopia, Mozambique, and Tanzania import a large share of their fertilizer from the Gulf, and they produce almost none domestically. When Gulf supplies are cut off, there is simply no alternative source to turn to at comparable cost or speed.

The Planting Season Problem

What makes the 2026 crisis especially dangerous is not just the scale of the disruption — it is the timing. In the Northern Hemisphere, the main spring planting window for corn, wheat, and soybeans runs from roughly mid-February through early May. Farmers who ordered their fertilizer months ago are largely fine; fertilizer bought and stored before the crisis was already in hand. But farmers who hadn't yet bought — or who needed to top up — are now facing prices that have shot up by a quarter, a third, or potentially more.

And there is no quick fix. A cargo ship leaving the Gulf — if passage were possible — takes about 30 days to reach ports in the United States. A disruption that began in late February means there is no realistic way to restock in time for April fertilizer applications. American dealers were already running about 25 percent below normal inventory levels even before the conflict began. The crisis arrived on top of a pre-existing shortage. The consequence is straightforward, even if its full scale won't be known until harvest: some portion of the 2026 crop will be planted with less fertilizer than optimal, or planted later than ideal, or not planted at all. That means lower yields. Lower yields mean less food. Less food means higher prices in the shops.

Food security is not just a production problem — it is a market-function problem. And in 2026, the market stopped functioning.

Basmati Rice: A Trade Corridor Frozen in Place
An Ancient Trade Under Modern Siege

Among the many casualties of the 2026 conflict, one is particularly vivid — and largely overlooked in coverage focused on oil prices and military operations. It is the story of basmati rice: a fragrant, long-grained variety grown almost exclusively in northern India and Pakistan, prized across the Middle East for centuries, and now stranded in Indian warehouses because the trade route to its largest market has collapsed.

Iran has historically been India's single largest buyer of basmati rice, importing roughly one million metric tons per year — about a quarter of all basmati that India exports — at a value of approximately $1.2 billion. Basmati is not a generic commodity. It holds a protected Geographical Indication status, meaning that only rice from specific regions of India and Pakistan can legally be called basmati.

Iranian consumers cannot simply switch to a cheaper alternative; the product they want has no real substitute. This trade has underpinned livelihoods across the agricultural states of Punjab, Haryana, Himachal Pradesh, and Uttarakhand for generations. Farmers, millers, exporters, and logistics workers have all built their businesses around the premium prices that basmati commands. The Iran corridor is not a marginal part of this trade — it is its backbone.

Three Ways the Trade Collapsed

The crisis has struck the basmati trade through three distinct but overlapping blows. First, the physical disruption: with the Strait of Hormuz effectively closed and marine war-risk insurance no longer available at any workable price, ships simply cannot complete the journey to Iranian ports. By mid-2025, even before the February 2026 escalation, approximately 100,000 metric tons of basmati rice already loaded and bound for Iran had been left stranded at Indian export ports as shipping conditions deteriorated. After February 2026, the volume of stranded rice grew substantially higher.

Second, the financial breakdown. Iran has been under international sanctions for over a decade. Even in calmer times, getting payments from Iranian buyers through global banking systems was an obstacle course. The military escalation made it dramatically worse. International banks that had maintained carefully managed channels for legitimate food payments to Iran suspended those arrangements. Indian exporters who had already shipped goods — or transferred funds — found themselves holding unpaid invoices with no working mechanism to collect. The result: a growing pile of bad receivables and an entirely rational reluctance to accept new orders from Iranian buyers.

Third, demand collapse within Iran itself. Even before the current conflict, Iran's agricultural import volumes had fallen by nearly 38 percent between 2022 and 2024, as years of sanctions and economic pressure squeezed the country's ability to pay for imports. Military conflict has compressed that capacity further still. Government money that might have flowed to food imports is now directed toward military needs.

What This Means for Indian Farmers

For the rice farmers of Punjab and Haryana, the trade disruption arrives at an already difficult moment. Groundwater is being depleted by decades of paddy cultivation. Input costs are rising — because of the very same conflict that closed their export market. And now the premium price they rely on from basmati exports is under threat.

The damage spreads beyond rice. Gulf countries are major buyers of Indian mangoes, grapes, spices, vegetables, and packaged foods. A sustained breakdown in trade relationships — through physical logistics failures, financial channel collapse, or simple commercial uncertainty — erodes years of market-building. As one researcher at the International Food Policy Research Institute has noted, the Gulf's role as a premium destination for Indian agricultural products means that geopolitical disruption there carries real income consequences for rural Indian households far beyond the basmati trade alone.

What Needs to Change: Lessons and Policy Responses

Every crisis is also a revelation. The 2026 Persian Gulf conflict has exposed four deep structural weaknesses in the global food and fertilizer system. These were not created by the conflict — they were already there. But the crisis has made them impossible to ignore.

The first is the absence of strategic fertilizer reserves. After the oil shocks of the 1970s, the world's major consuming countries created strategic petroleum reserves — stockpiles of oil that could be released in an emergency to stabilise markets. No equivalent exists for fertilizer. When urea prices spike by a third in a week, there is no global reserve to draw on. Creating coordinated multilateral fertilizer stockpiles — built on similar principles to oil reserves but adapted for the physical realities of fertilizer storage and handling — would not prevent disruptions, but it would buy critical time for supply chains to adjust without forcing immediate shortfalls onto farmers with planting deadlines to meet.

The second weakness is the dangerous concentration of nitrogen fertilizer production in a single, volatile region. For decades, it made perfect economic sense for the Gulf to become the world's fertilizer factory: cheap gas, warm climate, proximity to shipping lanes. But economic efficiency at the level of individual companies has created systemic fragility at the level of global food supply. The answer, over the medium term, is to invest in green ammonia — fertilizer produced using renewable electricity and water, rather than natural gas, and therefore not dependent on any particular country's geology or geopolitics. Green ammonia is currently more expensive to produce than conventional ammonia. But the security case for public investment and subsidy has now been made convincingly by events. New ammonia plants take five to ten years to build. The time to start is now, not after the next crisis.

The third issue is the fragility of financial channels for food trade to conflict-affected or sanctioned countries. The Iran situation is an extreme case, but the underlying problem is not unique to Iran. When governments impose

financial sanctions for political reasons, legitimate food trade — which is typically exempted from sanctions in principle — gets caught in the crossfire. Banks, unwilling to risk regulatory penalties, stop processing payments for grain and fertilizer even when those transactions are technically legal. Establishing multilateral trade finance facilities with a specific mandate to keep food payments flowing regardless of political tensions — similar to the humanitarian banking channels that already exist in some forms — would help prevent legitimate food commerce from being the collateral damage of geopolitical disputes.

The fourth and most fundamental weakness is the vulnerability of countries that import most of what they eat and apply to their soil. Bangladesh, Somalia, Sudan, Yemen — these are places where a spike in global fertilizer prices or a breakdown in shipping routes can tip millions of people into hunger within weeks. Long-term investment in domestic food production capacity, soil health, irrigation infrastructure, and post-harvest storage in these countries is the only durable answer to that vulnerability. Emergency food aid is essential in a crisis, but it does not build resilience. Aid that strengthens the ability of vulnerable countries to produce their own food — and to buffer external shocks — will matter far more in the long run.

Conclusion: The Price of Efficiency

For decades, the global food system was designed around a single overriding principle: efficiency. Fertilizer should be made where gas is cheapest. Rice should be grown where conditions are best and labour is affordable. Food should flow along shipping lanes optimised for speed and cost. Financial systems should be open and frictionless. And for a long time, this worked remarkably well. More people eat more food today than at any point in human history.

But efficiency, pushed too far, creates brittleness. When everything is optimised for normal conditions, there is nothing left in reserve for abnormal ones. The 2026 Persian Gulf crisis has shown just how quickly a system built for normal conditions can fail when confronted with an abnormal one.

A single maritime passage, blocked for a matter of weeks, disrupted fertilizer supply to farmers across dozens of countries. A bilateral military conflict froze the financial and logistical infrastructure through which food moves from surplus regions to deficit ones. Warehouses full of basmati rice in India could not feed families in Iran because ships couldn't sail, insurers wouldn't cover the voyage, and banks wouldn't clear the payment.

Food security is not simply about growing enough food. It is about whether the systems that move food from where it is grown to where it is needed continue to function.

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