

GEOPOLITICAL RISK BRIEFING NOTE

Impact of the US-Iran Conflict on Middle East
Offshore Low Carbon Market Opportunities

2 March 2026 | Day 3 of Hostilities

Companion to: Offshore Low Carbon Market Opportunities in the Middle East v2

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1. Situation Overview

CRITICAL: On 28 February 2026, the United States and Israel launched major military operations against Iran. As of 2 March (Day 3), the conflict is escalating with Iranian retaliation striking energy infrastructure across the Gulf. The Strait of Hormuz is effectively closed to commercial shipping. All assessments in the v2 report should be read alongside this briefing note.

Key Facts (as of 19:00 GMT, 2 March 2026)

- **US-Israeli strikes** commenced 28 February, targeting 1,000+ Iranian military sites, missile launchers, naval assets, and leadership compounds. Supreme Leader Ayatollah Khamenei confirmed killed.¹
- **Iran retaliating** with missiles and drones targeting US bases and allies across the Gulf. Strikes reported in Abu Dhabi, Dubai, Doha, Manama, Kuwait City, Muscat, and against Israeli targets.²
- **Energy infrastructure targeted:** Iranian drones struck Saudi Aramco's Ras Tanura refinery (500,000+ bbl/day, temporarily shut down) and Qatari energy facilities (QatarEnergy suspended LNG production).³
- **Strait of Hormuz effectively closed:** Insurance withdrawn for Gulf shipping; tanker traffic ceased; at least three tankers attacked; Iran warned "no ship is allowed to pass."⁴
- **Casualties:** 550+ killed in Iran; 4 US service members killed; 6+ killed across the Gulf (including migrant workers); 31 killed in Lebanon from Israeli strikes on Hezbollah positions.⁵
- **Gulf airports closed:** Dubai, Abu Dhabi, Doha, and other major hub airports shut. Jordan closed its airspace. Tens of thousands of travellers and workers stranded.⁶
- **Trump says 4-5 weeks:** The US president indicated operations would continue for at least a month and has not ruled out ground troops.⁷
- **Iran refuses negotiations:** Senior security official Ali Larijani stated Iran is "prepared for a prolonged conflict" and rejected any talks.⁸

Energy Market Impact

- **Oil:** Brent crude spiked ~8% on Monday morning (from ~\$72.50 Friday close). Analysts warn sustained Hormuz closure could push prices to \$100-200/bbl.⁹
- **Gas:** European gas prices surged ~20%. Loss of Qatari LNG through Hormuz removes ~20% of global LNG supply. Wood Mackenzie compares potential impact to the 2022 Russian gas curtailment.¹⁰
- **Bypass capacity limited:** Saudi East-West pipeline (1-2M bbl/day spare) and UAE Fujairah pipeline (1.5M bbl/day) can offset less than 20% of disrupted flows.¹¹

1. NYT Live Updates, <https://www.nytimes.com/live/2026/03/02/world/iran-us-israel-attack-trump>

2. Al Jazeera, <https://www.aljazeera.com/news/2026/3/2/what-we-know-on-day-three-of-us-israeli-attacks-on-iran>

3. France 24,

<https://www.france24.com/en/middle-east/20260302-as-iran-targets-oil-infrastructure-middle-east-war-threatens-global-economy>

4. Wood Mackenzie, <https://www.woodmac.com/news/opinion/middle-east-conflict-set-to-drive-oil-and-LNG-prices-significantly-higher/>

5. WSJ, <https://www.wsj.com/livecoverage/iran-israel-us-strikes-2026>

6. CBS News, <https://www.cbsnews.com/live-updates/iran-us-war-day-3-american-deaths-israel-gulf-allies-hit-missile-strikes/>

7. NYT / CNN, <https://www.nytimes.com/live/2026/03/02/world/iran-us-israel-attack-trump>

8. Al Jazeera, <https://www.aljazeera.com/news/2026/3/2/what-we-know-on-day-three-of-us-israeli-attacks-on-iran>

9. Bruegel, <https://www.bruegel.org/first-glance/how-will-iran-conflict-hit-european-energy-markets>

10. Wood Mackenzie, <https://www.woodmac.com/news/opinion/middle-east-conflict-set-to-drive-oil-and-LNG-prices-significantly-higher/>

11. LongYield / Substack analysis, <https://longyield.substack.com/p/the-200-oil-shock-what-happens-if>

2. Conflict Scenarios (Next 90 Days)

Drawing on analysis from Forbes, Columbia University CGEP, CSIS, and Wood Mackenzie, three scenarios define the outlook for the next 90 days. Each carries materially different implications for the low carbon investment pipeline identified in the v2 report.¹

Scenario	Probability	Description	Oil Price	Hormuz
A: Contained	~40%	US degrades Iranian military over 4-5 weeks; backchannel ceasefire via Oman/Qatar; regime weakened but survives	\$80-95/bbl	Open but high-risk; shipping resumes with military escort
B: Escalation	~35%	Iran activates all proxy networks (Hezbollah, Houthis, Iraqi PMF); Hormuz partially mined; sustained Gulf strikes	\$100-150/bbl	Partially disrupted for months; 20-30% flow reduction
C: Regime Fracture	~25%	Internal collapse; January protests reignite; military fragments; maximum short-term chaos, potentially best long-term outcome	Extreme volatility	Ungoverned rather than controlled; unpredictable

Implications by Scenario for NES Market Entry

Scenario A (Contained): Most favourable for NES companies. Report findings hold with 6-12 month project delays. War-risk premiums remain elevated through 2026 but normalise. FEED-stage projects resume. UK-GCC FTA likely delayed by 3-6 months but proceeds. Post-conflict reconstruction spending could accelerate the energy transition investment pipeline.

Scenario B (Escalation): Significant disruption. FEED-stage projects (Yanbu Green H2, Hyport Duqm, Essaouira, Morocco H2) delayed 12-24 months. Expatriate flight of 2-5% disrupts construction on active projects. Defence spending crowds out discretionary green investment. CCUS projects under EPC (Jubail, Habshan) continue but face supply chain disruption. UK-GCC FTA likely frozen during hostilities.

Scenario C (Regime Fracture): Maximum short-term chaos but potentially the best long-term outcome for Gulf stability. Post-conflict reconstruction creates massive new demand. Removal of Iranian threat permanently de-risks Gulf investment. NES companies that maintain relationships through the crisis period will be first in line for a post-conflict investment surge. GCC defence integration accelerates, creating security premium for Western suppliers.

1. Forbes / Columbia CGEP / CSIS / Wood Mackenzie, <https://www.forbes.com/sites/guneyildiz/2026/02/28/the-first-shots-of-a-new-order-what-the-us-iran-war-means-for-global-energy/>

3. Impact on v2 Report Findings

What Changes Fundamentally

1. Project timelines will slip across the board. Every project in the v2 report faces delay risk. Construction sites across the Gulf are in or near conflict zones. Expatriate workforce flight will hit projects dependent on international engineers. NEOM Green Hydrogen (90% complete) may still commission in 2027, but FEED-stage projects face 6-18 month delays minimum under Scenario A, and 12-24 months under Scenario B.¹

2. GCC fiscal priorities will shift. Higher oil prices help GCC revenues short-term, but Columbia CGEP warns that even short-term price spikes "threaten the foundations of non-oil growth and diversification." Defence spending will surge. Sovereign wealth fund capital earmarked for green hydrogen and CCUS may be redirected to military expenditure, reconstruction, and economic stabilisation.²

3. The Strait of Hormuz closure undermines the Gulf export model. Qatar's LNG suspension alone removes ~20% of global LNG trade. The green hydrogen/ammonia export model - central to Oman's \$49B programme and NEOM - depends on functioning maritime routes through the Strait. If Hormuz remains contested for months, the economic case for Gulf-based hydrogen export projects weakens.³

4. Insurance and financing costs will spike. War-risk premiums had already doubled since June 2025. UKEF, ECAs, and project finance banks will reassess Gulf exposure. The UKEF-PIF \$6.8B framework and UK-GCC FTA - both central to the report's market entry recommendations - may be delayed as the UK manages its own involvement. UK bases in Cyprus have already been struck by Iranian drones.⁴

5. Expatriate and workforce risks. Millions of expatriates in the Gulf - from engineers to construction workers - face a direct safety threat for the first time. Forbes estimates 1-2% expatriate outflows under Scenario A, rising to 5%+ under Scenario B. NES companies with staff in the region should activate emergency contingency plans immediately. The US has declined to plan civilian evacuations.⁵

What Strengthens

6. The case for NES decommissioning expertise becomes urgent. Gulf infrastructure damage from Iranian strikes will create immediate remediation and reconstruction demand. Ras Tanura, Qatari energy facilities, and potentially other installations facing damage will need NES-type inspection, repair, and remediation capabilities. The \$30-50B decommissioning opportunity identified in the report may accelerate.

7. Energy security accelerates the long-term transition. Bruegel and multiple analysts note this crisis will accelerate structural diversification away from Gulf hydrocarbon dependency. Post-conflict, GCC governments will have even stronger motivation to build domestic renewable capacity to insulate against future disruption - reinforcing every sector in the report. A prolonged closure could also drive faster renewable deployment globally.⁶

8. CCUS becomes more critical, not less. With oil prices surging, Gulf NOCs will generate windfall revenues that historically get recycled into diversification. CCUS projects like Jubail (already under EPC) are less likely to be cancelled than FEED-stage projects because they serve the dual purpose of decarbonising existing hydrocarbon production, which remains the primary revenue engine.

9. Morocco rises sharply in strategic importance. Outside the Gulf conflict zone entirely, Morocco's offshore wind and hydrogen programmes are unaffected by Hormuz disruption. The 1 GW Essaouira offshore wind project and \$32.5B hydrogen pipeline become more attractive as Gulf risk premiums rise. NES companies should consider Morocco as a priority alongside or even ahead of Gulf markets during the conflict period.

1. Newsweek / OilPrice.com, <https://www.newsweek.com/green-power-plant-world-largest-construction-project-neom-11264286>
2. Columbia Center on Global Energy Policy, <https://www.energypolicy.columbia.edu/how-a-conflict-in-iran-could-affect-oil-markets-in-the-gulf-arab-states/>
3. Wood Mackenzie, <https://www.woodmac.com/news/opinion/middle-east-conflict-set-to-drive-oil-and-LNG-prices-significantly-higher/>
4. Al Jazeera / CBS News, <https://www.aljazeera.com/news/2026/3/2/what-we-know-on-day-three-of-us-israeli-attacks-on-iran>
5. Forbes, <https://www.forbes.com/sites/guneyyildiz/2026/02/28/the-first-shots-of-a-new-order-what-the-us-iran-war-means-for-global-energy/>
6. Bruegel, <https://www.bruegel.org/first-glance/how-will-iran-conflict-hit-european-energy-markets>

4. Impact Assessment: Key Projects

The following table assesses the conflict impact on the 30 key projects profiled in the v2 report. Risk ratings assume Scenario A (Contained, ~40% probability). Under Scenario B (Escalation), all ratings shift one level higher.

Project	Country	Risk	Impact Assessment
NEOM Green H2	Saudi Arabia	MEDIUM	90% complete; Red Sea location away from Gulf strikes; commissioning may slip 3-6 months if workforce disrupted
Jubail CCUS Hub	Saudi Arabia	HIGH	Eastern Province location near Ras Tanura; active EPC; supply chain disruption likely; L&T workforce at risk
Habshan CCUS	UAE	HIGH	60-70% complete; Abu Dhabi directly struck; Petrofac workforce safety concerns; potential construction pause
Masdar 5.2 GW Solar+BESS	UAE	MEDIUM	Large-scale solar less vulnerable; Abu Dhabi strikes a concern; construction likely continues with delays
ADNOC Hail & Ghasha	UAE	HIGH	\$11B offshore project in Gulf waters; direct proximity to conflict zone; subsea procurement may stall
Ammonia-7 Blue NH3	Qatar	HIGH	QatarEnergy suspended production; Q2 2026 commissioning at risk; direct Iranian strikes on Qatari facilities
Hyport Duqm H2	Oman	MEDIUM	Gulf of Oman location; BP operator; Pre-FEED stage less vulnerable but financing decisions may be deferred
ACME Duqm NH3	Oman	MEDIUM	Under construction; Oman calling for ceasefire; less directly targeted but regional instability affects logistics
Dhofar Hydrom H2	Oman	MEDIUM	\$11B Pre-FEED; investment decisions likely deferred until conflict resolution; Hydrom auction process may pause
1.1 GW Suez Wind	Egypt	LOW	Egypt outside direct conflict zone; Mediterranean-facing; EPC continues but Red Sea shipping disruption possible
Essaouira Offshore Wind	Morocco	LOW	Atlantic coast; completely outside conflict zone; feasibility stage unaffected; may gain relative priority
Morocco \$32.5B H2	Morocco	LOW	Pre-FEED; Atlantic-facing export routes bypass Hormuz entirely; European buyers may accelerate interest
Masdar/Bapco Wind	Bahrain	HIGH	Bahrain directly targeted by Iranian missiles; Pre-FEED likely frozen during hostilities
Starah/Shaqra Wind	Saudi Arabia	MEDIUM	Onshore wind; FID achieved; construction may slow but less directly threatened than coastal infrastructure
KPC 2 GW Solar	Kuwait	HIGH	Kuwait directly targeted; friendly fire incident with US jets; bidding process likely suspended

5. UK-Specific Implications

The UK is directly implicated in this conflict. PM Keir Starmer approved US use of UK military bases in Cyprus for "defensive" operations. A suspected Iranian drone struck RAF Akrotiri, causing "limited damage." This involvement has immediate consequences for the UK-GCC trade relationship and NES market access.¹

UK-GCC Free Trade Agreement

The FTA was described as "imminent" just days before the conflict began. While the underlying economic logic remains strong (GBP 53B bilateral trade), the political dynamics have shifted dramatically. GCC foreign ministers are calling for de-escalation while their capitals are under attack from an adversary being supported by US and UK military infrastructure. The FTA timeline will almost certainly slip by 6-12 months minimum, and potentially longer if Gulf governments perceive the UK as having facilitated strikes that provoked retaliation against their populations.

UKEF and Export Finance

UKEF provided GBP 803M for Middle East projects in 2024-25 and committed to GBP 10B for clean energy by 2029. The \$6.8B UKEF-PIF framework remains structurally important but disbursement will be delayed during hostilities. UKEF risk assessments for Gulf states will be updated to reflect the conflict, potentially tightening lending criteria and increasing costs for NES exporters. However, UKEF clean growth products will become more valuable post-conflict as they offer sovereign-backed de-risking that commercial lenders cannot match.

Scottish Enterprise and SDI

Scottish Enterprise operates an energy hub in Abu Dhabi. Staff safety should be the immediate priority. The hub's in-market presence will be invaluable when the conflict subsides - maintaining relationships through the crisis period is critical. SDI trade missions to the Gulf should be suspended until the security situation stabilises, with Morocco and Egypt considered as alternative near-term destinations.

1. Al Jazeera / CBS News, <https://www.aljazeera.com/news/2026/3/2/what-we-know-on-day-three-of-us-israeli-attacks-on-iran>

6. Recommendations for NES Companies

The overarching recommendation is: DO NOT DISENGAGE. Companies that maintain relationships through the crisis will be first in line when projects resume. Gulf states will remember who stayed and who left.

Immediate Actions (This Week)

- **Activate emergency contingency plans** for any NES staff or contractors in the Gulf region. Monitor FCO/FCDO travel advisories hourly. Consider voluntary evacuation to Oman (which is mediating and least targeted) or out of the region entirely.
- **Defer all non-essential Gulf travel** until security situation stabilises. Switch to remote engagement for ongoing commercial discussions.
- **Contact insurance brokers** regarding war-risk coverage for any equipment, personnel, or contractual obligations in the Gulf. Review force majeure clauses in active contracts.
- **Communicate with Gulf clients and partners** expressing solidarity and continued commitment. This is relationship capital that will pay dividends post-conflict.

Near-Term (Next 4-8 Weeks)

- **Maintain engagement with Jubail CCUS and Habshan CCUS** procurement chains. Under-construction EPC projects are least likely to be cancelled. Position for when construction activity resumes.
- **Accelerate Morocco engagement.** Essaouira offshore wind, ORNX Laayoune ammonia, and the \$32.5B hydrogen programme are completely outside the conflict zone. Morocco's Atlantic-facing export routes bypass Hormuz entirely. This market has jumped in strategic priority.
- **Engage with Egypt** on Gulf of Suez wind and hydrogen projects. Egypt is outside the direct conflict zone and its Mediterranean-facing infrastructure is unaffected by Hormuz disruption.
- **Monitor UKEF and UK-GCC FTA** developments. Engage with UKEF early regarding updated risk assessments and whether clean growth products remain available for Gulf-destined projects.
- **Track NEOM commissioning timeline.** The Red Sea location is less vulnerable than Gulf-facing infrastructure. If NEOM Green Hydrogen commissions on schedule (2027), MRV and O&M opportunities remain viable.

Medium-Term (Post-Conflict)

- **Prepare for a post-conflict investment surge.** Historically, Gulf states accelerate diversification spending after security crises. The 2019 Abqaiq attack led to accelerated renewable and security investment. This conflict - far more severe - will amplify that pattern.
- **Infrastructure remediation and reconstruction** will create immediate demand for NES decommissioning, inspection, and repair capabilities. Damaged refinery and energy infrastructure across the Gulf will need international expertise.
- **GCC integrated air defence** and security infrastructure investment will surge. NES companies with dual-use technology (marine surveillance, subsea monitoring, digital inspection) may find new defence-adjacent market opportunities.
- **The energy transition investment case will be stronger, not weaker.** Post-conflict, the imperative to diversify away from hydrocarbon dependence - and to build domestic energy security through renewables - will be reinforced at every level of Gulf government. The \$400B+ pipeline identified in the v2 report will likely grow, not shrink.

7. Revised Market Prioritisation

The v2 report recommended a three-tier market entry strategy. The conflict requires an interim revision. The table below shows the original prioritisation alongside the revised conflict-adjusted ranking.

Market	v2 Report Tier	Conflict-Adjusted Tier	Rationale
UAE (Abu Dhabi)	Tier 1	Tier 2 (defer)	Directly struck by Iranian missiles; airports closed; expatriate safety risk; resume when stable
Saudi Arabia	Tier 1	Tier 1 (selective)	Ras Tanura struck but NEOM (Red Sea) less exposed; CCUS projects under EPC continue; remote engagement
Morocco	Tier 3	Tier 1 (upgrade)	Outside conflict zone; Atlantic export routes; actively seeking European partners; offshore wind + H2 pipeline
Qatar	Tier 2	Tier 3 (defer)	QatarEnergy suspended LNG production; energy facilities targeted; airspace closed; LNG export model at risk
Oman	Tier 2	Tier 2 (hold)	Mediating role; less directly targeted; Duqm faces Gulf of Oman risk; Hydrom investment decisions likely deferred
Egypt	Tier 3	Tier 2 (upgrade)	Outside direct conflict zone; Mediterranean-facing; Suez wind and H2 unaffected; Red Sea shipping risk only
Kuwait	Not prioritised	Defer	Directly targeted; friendly fire incident; US embassy struck; high-risk environment
Bahrain	Not prioritised	Defer	Directly targeted; US Fifth Fleet base attacked; civilian casualties from Iranian missiles

These revised priorities are interim and should be reassessed weekly as the conflict evolves. Under Scenario A (ceasefire within weeks), the v2 report's original prioritisation would be largely restored within 6-12 months. Under Scenario B (escalation), the revised priorities may hold for 12-24 months.

This briefing note was compiled on 2 March 2026 for Energise 2.0 (jim.hamill@energise2-0.com) as a companion to the Offshore Low Carbon Market Opportunities in the Middle East v2 report. The situation is rapidly evolving and all assessments reflect publicly available information as of 19:00 GMT on 2 March 2026. Readers should monitor live developments from NYT, WSJ, Al Jazeera, Reuters, and the FCDO for the latest security guidance. This document should not be used as the sole basis for commercial decisions during an active conflict.