“Strait of Hormuz: The Choke Point Holding the World Economy Hostage”

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JERUSALEM—There are moments when a single geographic choke point becomes the focal point of global upheaval. The Strait of Hormuz is such a point.

This narrow maritime passage, approximately 40 kilometers wide, under normal circumstances allows for the flow of some 21 million barrels of oil per day—about 20 percent of global consumption—as well as a significant share of the liquefied natural gas (LNG) market.

When such an artery is disrupted, even partially, the consequences are not regional but global.

Recent developments in the Persian Gulf illustrate this sharply. The ongoing confrontation between Iran and the United States and Israel has brought about a qualitative shift: from Tehran’s familiar rhetorical threat to close the strait to a partial implementation in practice.

This was not a formal declaration of a full blockade but rather the creation of an operational reality characterized by high risk, uncertainty and exceptional insurance costs.

The practical result is a “soft closure”: The strait is not completely blocked, but it has ceased to function as a regular global export artery.

Effectively, some ships are still passing through—but at times only in return for payments amounting to millions of dollars, constituting unofficial “transit fees.”

Many shipping companies are avoiding the passage altogether, others are freezing sailing operations, and hundreds of vessels are waiting on both sides of the strait. In economic terms, this constitutes a significant disruption to the global flow of energy.

Oil markets

The immediate impact is evident in the oil market. When the supply of tens of millions of barrels per day is impaired, a gap emerges between supply and demand, and prices respond accordingly.

Simultaneously, the Gulf states are activating backup mechanisms. Saudi Arabia, for example, has significantly increased oil flow through the King Fahd Industrial Port in Yanbu on the Red Sea. It has even succeeded in diverting a substantial share of its exports, amounting to tens of percent of the volume normally passing through Hormuz.

The United Arab Emirates is also making use of overland pipeline infrastructure to the Port of Fujairah, outside the Persian Gulf. And Iraq is diverting part of its oil through Turkey to the Mediterranean Sea.

Yet despite these efforts, the conclusion is clear: There is currently no alternative capable of replicating Hormuz in terms of the amount of transports it can handle. The gap between production capacity and actual export capacity persists, resulting in sustained pressure on markets.

Alongside the oil market, the liquefied natural gas market has also been significantly affected. Qatar, one of the world's leading exporters, depends almost entirely on passage through the Strait of Hormuz in order to transport LNG to markets in Asia and Europe.

Damage to gas facilities and operational continuity, combined with the high risk of maritime transit, is reducing effective export capacities and may lead to a partial halt in shipments.

The immediate significance is a decline in global supply, a sharp increase in prices and a deepening dependence of key markets—chiefly Europe and Asia—on more-expensive alternative sources.

In the medium term, a prolonged impairment of Qatar's export capacity could undermine the stability of the global LNG market and increase price volatility.

The impact is also being felt acutely in Europe. Natural gas prices have surged by approximately 25 percent within a short period, reaching particularly high levels. Volatility in the energy market is translating into inflationary pressures, industry damage and financial instability.

At the same time, maritime trade as a whole has entered a state of turbulence. Bunker fuel prices have risen to around $1,000 per ton—an exceptional increase affecting global supply chains as a whole.

By and by, key fueling hubs in the Gulf region, foremost among them the Port of Fujairah, have been hit or have significantly reduced operations. The consequence is that other global ports—from Singapore to Rotterdam—may also face shortages of marine fuel.

The Suez Canal provides an additional indication of the depth of the crisis. Vessel traffic has fallen by approximately 40 percent.

As for the economy, the effects of this crisis are already filtering in. In some countries, fuel shortages have been so severe that exceptional measures such

as shortening the workweek or imposing restrictions on vehicle refueling have been implemented. These are no longer forecasts—they are early manifestations of an emerging global crisis.

Strategic and security implications

On the geopolitical level, a complex reality is taking shape. A certain easing in the purchase of Russian oil, including cargoes under sanctions, indicates a willingness to circumvent international mechanisms in order to ease shortages.

This move is causing friction among Western countries and is even undermining the price-cap mechanism on Russian oil.

Concurrently, pressure is mounting to increase the international military presence in the Gulf to ensure freedom of navigation or to employ a significant military force to ensure freedom of navigation in the Strait of Hormuz.

The aim of such pressure is to guarantee freedom of passage and to neutralize Iranian terrorist activity against global freedom of navigation.

Naval escort frameworks, maritime policing and an enhanced military presence may become a permanent feature of the region—not only as a response to the current crisis but also as part of a broader strategic concept.

In the short term, Iran appears to be succeeding in leveraging the situation. Rising energy prices and economic pressure on many countries may, from Tehran's perspective, contribute to international pressure to shorten the conflict.

This is a clear implementation of the concept of "mutual vulnerability": If Iran is harmed, the global economy is not immune.

In the long term, however, the picture may change fundamentally. History teaches that crises of this kind lead to systemic adaptation.

Already, trends can be identified: increased investment in overland pipelines; diversification of energy sources (the U.S., Africa, the North Sea); and an acceleration of the transition to renewable energy and local sources.

In other words, the more the world learns to reduce its dependence on the Strait of Hormuz, the more Iran's ability to use it as a tool of pressure will erode. What provides a tactical advantage in the short term may become a strategic disadvantage in the long one.

A test for the global system

The lesson is not new. Since the 1973 energy crisis, the world has known that excessive dependence on a single geographic choke point is a recipe for prolonged instability. However, the current crisis gives this lesson renewed relevance in an era of deep globalization: geopolitical tension and an accelerating energy transition.

Ultimately, the Strait of Hormuz is not merely a shipping lane—it is a test. The global economy's ability to cope with structural vulnerability and the international system's capacity to respond to threats against freedom of navigation are being tested.

The current partial blockade is not only a crisis—it is also an opportunity: It is an opportunity to reshape the global energy system so that it becomes more diversified, more resilient and less vulnerable to geopolitical pressure.