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IB Reference	IB-2026-ME-002	Classification	NON - CONFIDENTIAL
Date	September 12, 2026	Region	Persian Gulf / Strait of Hormuz
Subject	2026 STRAIT OF HORMUZ CRISIS — Strategic Intelligence Assessment: Military Escalation, Energy Security & Geopolitical Realignment		

I. STRATEGIC OVERVIEW

The Strait of Hormuz — a 21-mile-wide channel between Iran and Oman — is the world's single most critical maritime chokepoint for energy flows. Prior to the onset of the 2026 Iran War on February 28, approximately 20–21 million barrels per day (b/d) of oil and 19% of the world's LNG exports transited the strait daily (EIA, 2025; Congressional Research Service, August 7, 2026). As the WEF noted in April 2026: *"Around 30% of global seaborne oil trade and roughly 20% of liquefied natural gas flows each day" through this narrow corridor (World Economic Forum, 2026).*

The crisis was triggered by U.S. and Israeli strikes on Iranian military and nuclear targets beginning February 28, 2026 (Operation Epic Fury), which included the assassination of Supreme Leader Ali Khamenei. Iran retaliated by declaring the Strait of Hormuz closed to all foreign shipping, deploying mines, drones, ballistic missiles, and IRGC fast-attack boats to enforce the closure. Vessel traffic dropped to near zero within days (CRS, 2026).

As Brookings Institution analysis (June 2026) assessed: *"Iran retaliated by using drones, ballistic missiles, and small attack boats to threaten and attack vessels attempting to transit the strait. As a result, insurance is unavailable or prohibitively expensive for vessels transiting the strait, and seafarers are unwilling to make the journey, meaning that the strait is effectively closed"* (Bordoff & Patton, Brookings, June 2026).

II. CHRONOLOGICAL TIMELINE OF KEY DEVELOPMENTS

Date	Development
Feb. 28, 2026	U.S. and Israel launch Operation Epic Fury — strikes on Iranian military, nuclear, and leadership targets. Assassination of Supreme Leader Khamenei. Iran declares Strait of Hormuz closed to all foreign shipping.
Mar. 1–15, 2026	Vessel traffic near zero. Saudi Arabia's Ras Tanura refinery (550,000 b/d) suspended after attack. Eight P&I clubs roll back war risk coverage for Persian Gulf. Brent surges to \$126/barrel — a 65% spike from February levels (WorldAtNet, September 2026; S&P Global/Platts, March 1, 2026).
Mar. 27, 2026	IRGC announces strait closed to vessels going to/from U.S., Israel, and allies. Iran continues own exports (~2 million b/d).
Apr. 7–8, 2026	Initial U.S.–Iran ceasefire brokered by Pakistan. Market sentiment briefly improves.
Apr. 13, 2026	U.S. Navy imposes blockade on Iranian ports. The Guardian characterizes it as "dual blockade": U.S. blockading Iran, Iran blockading the Gulf.
May 1, 2026	OFAC issues advisory: payments to Iran for strait passage expose U.S. and non-U.S. persons to sanctions risk, regardless of payment method (Wikipedia/PGSA, 2026).
May 4, 2026	Operation Project Freedom launched — U.S. escorts merchant vessels. Paused after 48 hours for diplomatic reasons; covert phase reportedly facilitates ~200 ships and 100–125 million barrels.
Jun. 17, 2026	Islamabad Memorandum of Understanding (MoU) signed. 60-day framework. Iran's Persian Gulf Strait Authority (PGSA) announces fees will not be collected during period. U.S. lifts blockade.
Jul. 6–8, 2026	MoU collapses. Iran attacks commercial vessels deemed noncompliant with Iranian routing directives, "surprising U.S. officials" (Britannica, 2026). U.S. declares truce over (July 7). Naval blockade reinstated July 14.
Aug. 25, 2026	U.S. confirms naval mine-clearing operations: 100+ mines removed from Hormuz Traffic Separation Scheme using underwater drones. Trump threatens to destroy Iranian vessels laying new mines.
Aug. 26, 2026	IRGC states strait will remain closed until U.S. respects Islamabad MoU terms. Iran and Oman negotiate potential strait governance deal.
Sep. 1, 2026	Two oil supertankers struck by projectiles 4 nautical miles west of Khasab, Oman. One vessel on fire (Bloomberg, September 1, 2026; UK Maritime Trade Operations).

Sep. 1, 2026	IRGC claims strike on U.S. Saildrone Explorer USV hull number 5838 at Hormuz entrance (GlobalSecurity, September 11, 2026).
Sep. 5–7, 2026	U.S. strikes three Iranian oil tankers. Iran strikes three tankers and three U.S.-linked vessels. Ballistic missile fired toward U.S. warships. Brent reaches ~\$97/barrel — a six-week high (Al Jazeera, September 7, 2026).
Sep. 8, 2026	Foreign Affairs Forum assesses: "Commercial vessel traffic through Hormuz has collapsed to historically low levels, with Kpler recording only seven commodity vessels transiting" (FAF.ae, September 8, 2026).
Sep. 11, 2026	Day 196 of Iran War. Houthi forces take Yemen's Red Sea port of Mocha; second chokepoint (Bab el-Mandeb) now under pressure. EIA reports 6.7 million b/d production shut-ins in August (EIA STEO, September 8, 2026).

III. CURRENT MILITARY PICTURE — AS OF SEPTEMBER 12, 2026

3.1 Iranian capabilities and tactics

- **IRGC Navy 1st "Saheb-az-Zaman" Naval Zone:** operationally controls Iranian territorial waters in the strait. Employs a combined arms approach: anti-ship ballistic missiles, sea mines, drone boats, fast-attack craft, and electronic jamming.
- **Mines:** 100+ sea mines were identified and cleared by U.S. underwater drones as of August 25 — confirmation of an active Iranian mining campaign in the Hormuz Traffic Separation Scheme. Iran retains capability to re-mine. Trump has publicly threatened to destroy mine-laying vessels (Wikipedia/2026 Hormuz Campaign).
- **Saildrone targeting:** IRGC struck a U.S. Saildrone Explorer USV (hull 5838) at the strait entrance on September 1, 2026, reflecting Iran's targeting of autonomous surveillance platforms replacing the Task Force 59 operations formerly run from Bahrain (GlobalSecurity, Day 196 report).
- **Ballistic missiles:** Iran fired a ballistic missile toward U.S. warships patrolling near the strait during the September 5–7 exchange — a significant escalatory signal. Al Jazeera experts characterized attacks on U.S. carrier assets as "a calculated escalation" (Al Jazeera, September 6, 2026).
- **Tanker warfare:** Iran has struck vessels deemed non-compliant with PGSA routing directives. The Atlas Institute (March 2026) notes: "The military dimension alone, including mines, drone warfare, electronic jamming, and IRGC speedboats, creates a risk environment that commercial operators cannot safely ignore, regardless of diplomatic progress."

3.2 U.S. and allied military posture

- **Naval presence:** Two U.S. aircraft carriers operating in the region. Task Force 59 USV operations relocated from Bahrain to Khasab, Oman after Bahrain installation was struck.
- **Escort operations:** Operation Project Freedom's covert phase reportedly facilitated ~200 commercial ships through the strait. Current escort cadence is not publicly confirmed.
- **Airstrikes:** U.S. has struck Iranian radar installations to disrupt PGSA policing capabilities, and targeted three Iranian oil tankers on September 6, 2026.
- **Jordanian base damage:** A U.S. official confirmed to Reuters that the Iranian salvo on Muwaffaq Salti air base in Jordan damaged one A-10 Thunderbolt II and approximately eight F-15s — contradicting President Trump's public statement of no damage (GlobalSecurity, Day 196).
- **UAE position:** UAE has declared willingness to join a U.S.-led effort to secure the strait. UAE ports (particularly Fujairah on the Gulf of Oman) are serving as alternative hubs for vessel resupply and cargo transfer.

IV. ENERGY MARKET IMPACT

4.1 Oil price trajectory

S&P Global Platts assessed the Dated Brent benchmark at an eight-month high of \$77.815/barrel on March 1, 2026, up \$6.875/barrel from the previous session, as vessel traffic "remained nearly halted" (S&P Global Energy, March 1, 2026). Brent subsequently surged to near \$126/barrel in mid-March — a 65% spike — before retreating during ceasefire periods. As of September 7, Brent stood at approximately \$97/barrel, up 9% in five days and 19% over the prior month (Al Jazeera, September 7, 2026). NYMEX WTI settled at \$92.27/barrel. Rachel Ziemba of CNAS told Al Jazeera: *"This is a reflection of continued conflict and exchange of fire. The supply deficits globally are persisting, and there is little end to these shortages"* (Al Jazeera, September 7, 2026).

Benchmark	Pre-war (Feb 2026)	Sep 7, 2026	Change
Brent crude	~\$72–75/bbl	~\$97/bbl	+30–35% overall
WTI crude	~\$68–71/bbl	~\$92.27/bbl	+30% overall
Heating oil	-	-	+54.54% year-on-year
European natural gas	-	-	+44% Feb–May 2026
Asian LNG spot price	-	-	+66% Feb–May 2026

Sources: S&P Global Energy/Platts (March 1, 2026); Al Jazeera Economy (September 7, 2026); Gulf News (March 17, 2026); CRS (August 7, 2026).

4.2 Production shut-ins and supply disruption

- The U.S. Energy Information Administration's September 8, 2026, Short-Term Energy Outlook (STEO) provides the most authoritative current assessment: *"Crude oil production shut-ins averaged 6.7 million barrels per day (b/d) in August, up from 5.0 million b/d in July. We assume that oil flows from the Middle East remain constrained through the fourth quarter of 2026 (4Q26), leading to shut-in production volumes averaging 5.7 million b/d during that quarter"* (EIA STEO, September 8, 2026). OPEC production has fallen more than 30% since the beginning of the war (Brookings, June 2026).
- The IEA (June 22, 2026) documented how global buffers cushioned the initial shock: *"The global oil market went into this crisis with significant buffers. In February, before the outbreak of hostilities, the IEA's market balances indicated a surplus of 3.7 million barrels a day for 2026 as a whole... China notably had for many months been hoovering up huge amounts of oil imports and putting them in storage,"* enabling Beijing to slash crude oil imports by 40% (4.6 million b/d) between February and May (IEA, 2026). However, those buffers are now being drawn down.

4.3 LNG and non-oil commodities

- The CRS notes that between February and May 2026, European natural gas prices increased 44% and Asian LNG prices rose 66%, while U.S. domestic prices declined 6% — reflecting the asymmetric dependence of Europe and Asia on Qatari LNG (CRS, August 7, 2026). Iranian strikes on Qatari LNG infrastructure at Ras Laffan and Mesaieed in early March 2026 took approximately 17% of Qatar's LNG export capacity offline — roughly 13 million tons per year — with recovery timelines potentially extending over several years (arXiv preprint, 2026).
- Beyond energy, Roland Berger (June 2026) and BRG (March 2026) document disruptions to sulfur, urea, polyethylene, helium, aluminum, and petrochemical feedstocks. BRG warns that *"LNG, helium, fertilizers, and petrochemical feedstocks moving through the Strait of Hormuz could transmit shocks from global industry to food security — and ultimately lead to geopolitical instability — within two to three quarters"* (BRG Insights, March 24, 2026).

V. GEOPOLITICAL AND STRATEGIC DIMENSIONS

5.1 The battle for Hormuz governance

- Iran has institutionalized its claim over the strait through the Persian Gulf Strait Authority (PGSA), which asserts Iranian sovereignty over the Strait — including Omani territorial waters — and seeks to route all traffic through Iranian-defined lanes and collect fees. The PGSA declared: *"vessels that submit compliant transit requests will be permitted to pass through the Strait of Hormuz"*, while simultaneously insisting fees would be waived during the initial Islamabad MoU period (International Crisis Group, September 2026). The U.S. response is

unambiguous: OFAC issued a sanctions advisory on May 1 warning that payments to Iran for passage expose all parties — U.S. and non-U.S. — to legal risk.

- The Islamabad MoU of June 17, 2026 — a 14-point framework — was intended to end the dual blockade. It collapsed on July 8 when Iran resumed attacks on vessels it deemed non-compliant. The IRGC states the strait *"will remain closed until the U.S. respects the terms of the Islamabad MoU"* (Washington Times, August 26, 2026). Oman is playing a unique mediating role, resisting U.S. pressure to break links with Iran while negotiating a potential governance framework compliant with international law (Wikipedia/PGSA, 2026).

5.2 China's strategic position

- China occupies what the Atlas Institute (March 2026) describes as *"a peculiarly contradictory position"*: it buys over 90% of Iran's oil exports (giving it an interest in Tehran's financial viability) while also depending on the strait remaining open for its broader energy supply. SSRN analysis by Masoud Zamani (March 2026) concludes: *"While China remains heavily dependent on energy flows through the Strait, its diversified energy structure, strategic reserves, and policy flexibility mitigate immediate vulnerability."* China stockpiled 1.3 billion barrels by March 2026 — roughly 120 days of consumption (Kpler estimates). Chinese-flagged vessels appear to be among the few still transiting, suggesting Beijing may be carving out a protected corridor (Atlas Institute, 2026). China, India, Japan, and South Korea collectively account for 69% of all Hormuz crude flows (Asia Global Institute, HKU, 2026).

5.3 European exposure

- Europe's position has received less attention than Asia's but may be more structurally vulnerable. Qatar sends nearly all its LNG exports through Hormuz. As the Atlas Institute (March 2026) notes: *"A sustained disruption would sever Europe's access to a critical alternative to Russian gas at exactly the moment it remains fragile."* Between February and May 2026, European natural gas prices rose 44% (CRS, 2026). European utilities face expensive spot-market procurement with few alternatives.

5.4 Second chokepoint — Bab el-Mandeb

- The crisis has acquired a second chokepoint. GlobalSecurity's Day 196 report (September 11, 2026) documents that Houthi forces have taken the Red Sea port of Mocha and 75 km of Yemen's Red Sea coastline north of the Bab el-Mandeb. Saudi Crown Prince Mohammed bin Salman requested U.S. strikes on the movement and was refused; the administration offered intelligence and targeting data instead. The EIA STEO (September 8) references "attacks on Saudi Arabia's oil exports through the Bab el-Mandeb strait" contributing to shut-in production — a dual-chokepoint scenario that analysts had previously described as the worst-case energy supply disruption scenario.

VI. ALTERNATIVE EXPORT ROUTES AND MARKET ADAPTATIONS

CRS (August 2026) and Tactical Report (August 5, 2026) document the rerouting strategies being pursued by Gulf producers. The Tactical Report notes that *"Saudi Arabia, UAE, Kuwait and Oman are locking in the diversification gains made during the disruption,"* including:

- **Saudi Arabia:** Petrolina (East–West Pipeline) capacity — 5 million b/d from Eastern Province to Red Sea port of Yanbu. The Hejaz Railway corridor is under evaluation for gas export diversification.
- **UAE:** Abu Dhabi Crude Oil Pipeline (ADCOP) — 1.5 million b/d to Fujairah on the Gulf of Oman, bypassing the strait. Fujairah has become a major transshipment hub. QatarEnergy is expanding overseas LNG storage arrangements.
- **Iraq:** Ceyhan pipeline through Turkey — limited capacity but operational.
- **Kuwait:** Evaluating alternative crude export routes with GCC neighbors (Tactical Report, 2026).

However, Brookings (June 2026) notes these alternatives have limits: even combined, alternative pipeline capacities cannot replace the volume transiting Hormuz. The crisis has accelerated investment in bypass infrastructure and strategic reserve diversification.

VII. SCENARIOS AND OUTLOOK

The CRS (August 7, 2026) outlines the principal scenarios for Hormuz:

Scenario	Conditions	Energy/Market Implication
Diplomatic resolution	Iran accepts MoU terms; U.S. lifts remaining blockade; PGSA fees negotiated away; Omani mediation succeeds.	Phased reopening; Brent retraces toward \$70–75/bbl over 3–6 months as production ramps up. War risk insurance gradually restored.
Status quo — traded strikes	Neither side escalates to major offensive; tit-for-tat attacks continue; partial transit maintained under escort.	Oil remains in \$90–100/bbl range; persistent war risk premium; insurance prohibitively expensive for commercial operators without escort.
Iranian escalation	Iran expands mining, targets U.S. carrier; major vessel sunk; U.S. ground operations on Iranian coast.	\$120–150/bbl Brent; severe global recession risk; IMF: every 10% oil price rise = 0.4% inflation / 0.15% GDP reduction.
U.S. withdrawal	U.S. reduces presence; Iran consolidates PGSA sovereignty; fee regime implemented.	Structural shift: global shipping pays Iran for Hormuz access; long-term sovereignty shift with no market-estimated precedent.

The Atlas Institute (March 2026) captures the structural lesson: *"The 2026 crisis is a reminder, rendered in the most visceral terms, that geopolitical risk never fully prices itself into markets until it is too late. Decades*

of academic literature warned about Hormuz." The EIA does not expect Middle East production to approach pre-conflict levels until **early 2027 at the earliest**, with disruption persisting beyond that under most scenarios (WorldAtNet, September 2026).

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