

POLICY REPORT

Middle East Conflict and Indo-Pacific Energy: Disruption, Vulnerability, and Policy Responses

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EXECUTIVE SUMMARY

The ongoing Middle East conflict has quickly evolved into a global energy shock, with the Indo-Pacific region feeling the effects most strongly. At the centre of the disruption is the Strait of Hormuz, a vital route for global oil and gas. As tensions escalate, energy supplies have become less reliable and more expensive, exposing how dependent many Asian economies are on imports from this region.

The impacts are being felt across multiple fronts. Countries such as Japan, South Korea, India, and China are facing rising energy costs and growing uncertainty over supply. This is feeding into inflation, putting pressure on government budgets, and slowing economic growth. For many households, especially those already struggling, the rising cost of fuel and food is making everyday life more difficult.

The disruption is not limited to energy. It is spreading through supply chains, affecting everything from plastics and textiles to semiconductors and medical supplies. Shortages of key materials like naphtha and helium are already reducing production in critical industries, leading to higher prices and limited availability of essential goods. In some cases, this is beginning to resemble the kind of widespread disruption seen during the COVID-19 pandemic.

Governments have responded quickly with measures such as fuel subsidies, tax cuts, and the release of strategic reserves. These steps have helped ease immediate pressure, but they come at a high financial cost and are not sustainable in the long run. They also do little to address the deeper structural issues that make the region vulnerable to external shocks.

At the same time, this crisis presents an important opportunity. It has made clear the need to rethink how energy systems are structured and managed.

Moving forward, countries in the Indo-Pacific will need to diversify their energy sources, invest more heavily in renewable energy, strengthen supply chains, and work more closely together at the regional level.

This conflict is not just a temporary disruption, it is a wake-up call. The choices made now will shape whether the region continues to face repeated crises or builds a more secure and sustainable energy future.

BACKGROUND AND CONTEXT

The Middle East conflicts, which began on 28 February 2026, marks a turning point for global energy security and economic stability. What started as a regional conflict quickly escalated into a major disruption of energy exports from the Middle East. At the centre of this crisis is the Strait of Hormuz, one of the world's most important energy corridors. Around 21 million barrels of oil per day and more than one-fifth of global LNG supplies pass through this corridor. Any instability in this narrow waterway has immediate and far-reaching consequences for the global energy system (Lakhera 2025).

The Indo-Pacific region has emerged as the most affected area outside the Middle East (Rashid, Zulkifli et al. 2026, Zulkifli 2026). This is largely due to its heavy dependence on imported energy from the region, combined with highly interconnected supply chains that amplify disruptions across multiple sectors (Ibekwe, Etukudoh et al. 2024). As a result, the impacts are not limited to energy markets but are spreading rapidly through economies, affecting industries, trade, and livelihoods. In both scale and speed, the crisis is already drawing comparisons to the economic and social disruptions experienced during the COVID-19 pandemic (Szmer 2026).

The Strait of Hormuz serves as the only marine route for exporting oil and gas to Asia, making any disruption, such as an Iranian blockade or military conflict, significantly impactful on regional and global economies (Shahzad, Liaqat et al. 2025). According to the historical analysis, conflicts in this strategic waterway have repeatedly caused declining economic activities and transformed the strait into a geopolitical battlefield (Melzattia, Mahroji et al. 2025, Gavin Butler, Toby Mann et al. 2026). The current crisis validates long-standing concerns about the vulnerability of Indo-Pacific energy security to Middle Eastern instability (Melzattia, Mahroji et al. 2025, Zulkifli 2026).

This policy brief explores the scale and complexity of these impacts, assesses how different countries are responding, and identifies pathways to strengthen resilience in both the short and long term.

THE STRAIT OF HORMUZ CRISIS AND GLOBAL ENERGY DISRUPTION

The Strait of Hormuz crisis has created an immediate and severe bottleneck in global energy flows (Gavin Butler, Toby Mann et al. 2026). Over 20% of the world's oil and a significant portion of LNG exports pass through this narrow waterway, making it vital for global energy stability (Rafiq, Riaz et al. 2025)(Ghilman Fatima Awan, Waqas Abdullah et al. 2025). Any closure or significant disruption breaches international maritime law under the United Nations Convention on the Law of the Sea (UNCLOS) and triggers diplomatic tensions, substantial financial costs, and potential military responses (Rafiq, Riaz et al. 2025).

The current disruption has already propelled concerns that oil prices could exceed USD 100 per barrel, transmitting inflation across energy-dependent sectors and supply chains worldwide (Hadayat 2026). The International Monetary Fund has noted that the world economy is slowing nearly everywhere because roughly one-fifth of the world's oil and LNG, along with vital byproducts, have been held back from the global market since the war started (International Monetary Fund 2026). Even if the Strait of Hormuz stabilizes, it could take years for oil and gas output and shipping to reach pre-war levels (IEA 2026).

Research on maritime chokepoint disruptions quantifies the systemic economic impacts. The annual trade disruptions could reach USD 190 billion, with USD 23.3 billion in expected economic risk (Verschuur and Hall 2025).

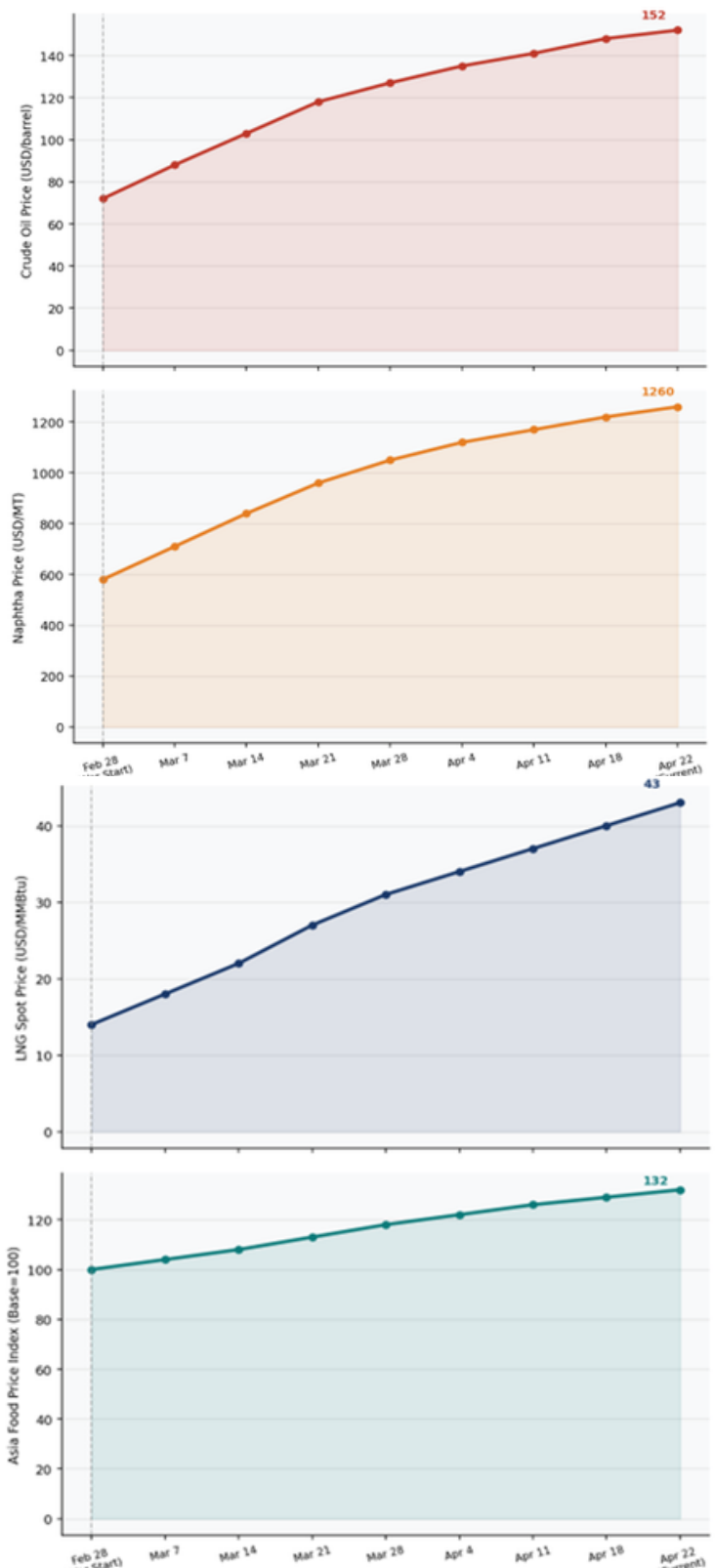


Figure 1: Energy & Commodity Price Surge Timeline

Source: FAO 2026, IEA 2026, International Monetary Fund 2026, The World Bank 2026

Geopolitical risk at critical chokepoints like the Strait of Hormuz can effectively cut off countries from trade, with nations in the Middle East, Africa, and Latin America most exposed, though Indo-Pacific countries face severe secondary impacts (Verschuur and Hall 2025).

The crisis has also exposed the fragility of alternative routing options. While some research has examined the possibility of using alternative routes for transporting energy resources but the reality is that such alternatives involve significantly higher costs, longer transit times, and limited capacity. The Indo-Pacific region's geographic position makes it particularly vulnerable, as the long distances and unstable countries between Middle Eastern energy sources and major Asian consumers create multiple points of potential disruption (Rudenko M. N., Sedyh V. A. et al. 2025).

KEY IMPACTS ON THE INDO-PACIFIC

Energy Security Crisis

The Indo-Pacific region's energy security has been fundamentally compromised by the war. Asian countries are highly vulnerable to global oil price volatility due to import dependence and high energy intensity (Melzattia, Mahroji et al. 2025). Major economies including Japan, South Korea, Taiwan, Singapore, Thailand, Indonesia, India, and China rely heavily on Middle Eastern crude oil and LNG imports, with some countries importing over 80% of their energy needs.

focused on oil and LNG, disruptions to naphtha supply, a vital input from oil refining have had far-reaching impacts. Naphtha is essential for making plastics, synthetic fibres, and many chemical products, so its shortage is rippling through multiple industries. As a result, everyday items are being affected, from plastic bags in Taiwan to instant noodles and packaging materials across Southeast Asia (Cave, Gutierrez et al. 2026).

India and other Asian energy importers are facing growing exposure as fuel costs rise and supply routes become more uncertain. What was once a hypothetical risk is now beginning to unfold (Lakhera 2025). Disruptions in and around the Strait of Hormuz are already affecting oil flows, forcing countries like India to rely on more expensive and complex alternative routes.

If the situation escalates further, the consequences for India could be severe. A significant share of its oil and refined fuel imports depends on this route, meaning any prolonged disruption would quickly translate into supply shortages, higher inflation, and economic strain.

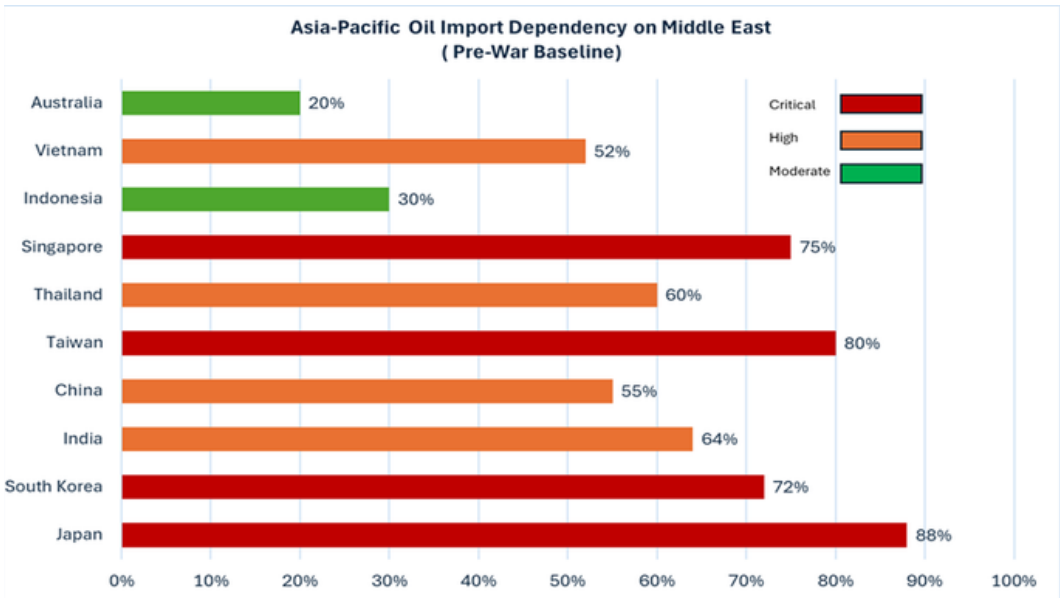


Figure 2: Indo-Pacific Oil Import Dependency on Middle East (Pre-War Baseline, 2025)

Source: BP 2025, International Energy Agency 2025, The Energy Institute 2026

As shown in figure 2, Japan (88%) and Taiwan (80%) face the most critical exposure. South Korea (72%) and Singapore (75%) are also in the critical tier. India (64%), Thailand (60%), and China (55%) fall in the high-dependency range. Indonesia (30%) and Australia (20%) are comparatively less exposed.

The crisis has led to widespread shortages across key energy products. While much attention has

The risks extend well beyond energy. A significant share of remittances to South Asia comes from workers in the Middle East, and any prolonged conflict could disrupt these income flows (Zulkifli 2026). This creates a "double shock" for the region, rising energy costs combined with falling remittances making the economic impact deeper and more difficult to manage if instability persists.

Indonesia's situation exemplifies the vulnerability of net energy importers in the region. Since becoming a net oil importer in the early 2000s, Indonesia has fallen into the category of countries highly vulnerable to oil price volatility. The Iran-Israel conflict and threats to the Strait of Hormuz directly impact Indonesia's economic stability, triggering inflation and rupiah depreciation (Melzatia, Mahroji et al. 2025).

Economic Disruption and Inflation

The economic impacts of the energy crisis have been swift and severe. The UNDP projects that the Middle East military escalation could cost Indo-Pacific USD 299 billion, with millions pushed into poverty by year's end (United Nations Development Programme (UNDP) 2026). This projection reflects not only direct energy costs but also secondary effects including inflation, currency depreciation, reduced industrial output, and disrupted trade flows.

Governments across the region are taking on enormous debt to slow inflation through fuel subsidies and price controls. Over 30 countries in the Indo-Pacific have implemented emergency fiscal measures, straining public finances and raising concerns about long-term fiscal sustainability. The crisis widens Indonesia's fiscal faultlines, as the government struggles to balance inflation control with fiscal discipline (Melzatia, Mahroji et al. 2025)

The inflationary pressures extend beyond energy prices. Supply chain disruptions have created shortages of consumer goods, driving up prices for food, medicine, and manufactured products (The World Bank 2026). Countries experiencing currency depreciation face compounding effects, as import costs rise even faster than global commodity prices. The IMF has noted a global economic slowdown, with Indo-Pacific economies particularly, affected due to their export-oriented growth models and energy import dependence (International Monetary Fund 2026)

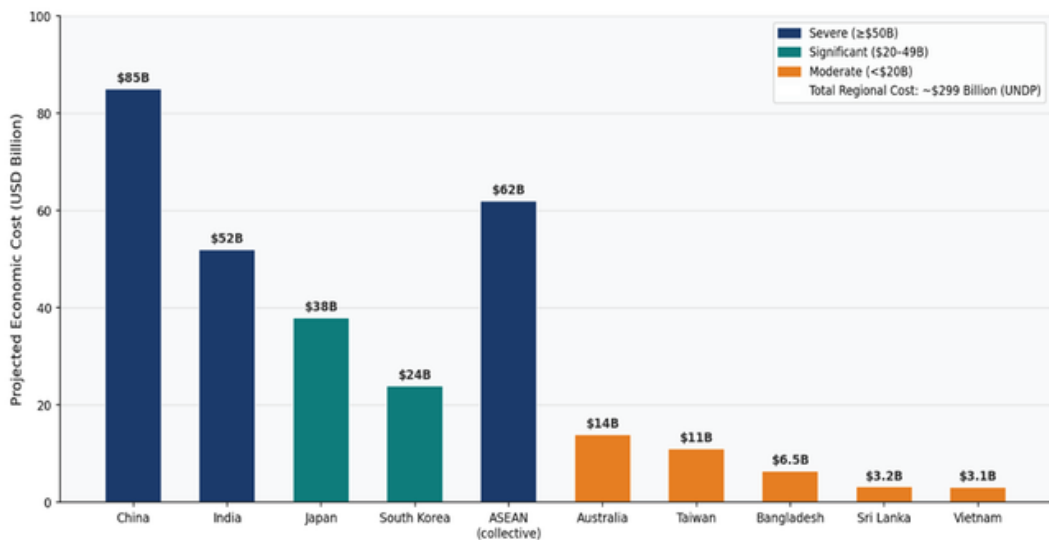


Figure 3: Projected Economic Cost of Middle East Conflict to Indo-Pacific Economies (2026)

Source: Author's estimates based on (United Nations Development Programme 2026)

According to the figure, China bears the largest absolute cost at USD85B, followed by ASEAN collectively (USD 62B) and India (USD 52B). Japan (USD 38B) and South Korea (USD 24B) face significant impacts.

Research suggests that fluctuations in oil prices can create tension between the goal of ensuring stable energy supplies and efforts to drive long-term economic transformation (Barguelli and Benhamed 2026). This dynamic often reinforces the idea of a "resource curse," where reliance on volatile energy resources can hinder broader, more sustainable development (Li 2026).

This suggests that the current crisis may hinder efforts at economic diversification and structural transformation across the region.

Supply Chain Breakdown

The impact of the Middle East Conflict on supply chains goes well beyond energy, affecting the availability of everyday goods that were once easy to access. Disruptions are now being felt across a wide range of products, from plastics and instant noodles to vaccines, syringes, cosmetics, microchips, and sportswear (Cave, Gutierrez et al. 2026). This highlights how tightly interconnected modern supply chains are, where a shortage in one key input can quickly ripple across multiple industries (Oxford College of Procurement and Supply 2026).

One of the most critical bottlenecks is helium. As a byproduct of natural gas production in the Middle East, helium is essential for semiconductor manufacturing. Disruptions in its supply have already affected chip production in major hubs such as Taiwan, South Korea, and Japan. The consequences extend far beyond the electronics sector, posing risks to industries like automotive, telecommunications, and defence, all of which rely heavily on advanced semiconductors (Cave, Gutierrez et al. 2026).

Figure 4 below shows the severity of supply chain disruptions. Petrochemicals & Plastics (9.2/10) and Aviation & Transport (8.5/10) are at critical disruption levels. Pharmaceuticals (8.7), Semiconductors (8.1), and Garments (7.8) are in the severe range. All sectors show disruption indices above 6.9, confirming a systemic supply chain breakdown (Jong-do 2026, Oxford College of Procurement and Supply 2026).

The naphtha shortage has affected (Song Joo-hee 2026):

- **Plastics manufacturing:** Shortages of plastic bags, containers, and packaging materials
- **Textile industry:** Disruption of synthetic fiber production for sportswear and garments
- **Pharmaceutical industry:** Shortages of plastic syringes, vials, and packaging for vaccines and medicines
- **Food industry:** Reduced production of instant noodles and packaged foods
- **Consumer goods:** Shortages of cosmetics, personal care products, and household items

Bangladesh's garment industry which is the world's second-largest apparel exporter, faces a severe squeeze due to disrupted supplies of synthetic fibers and increased transportation costs.

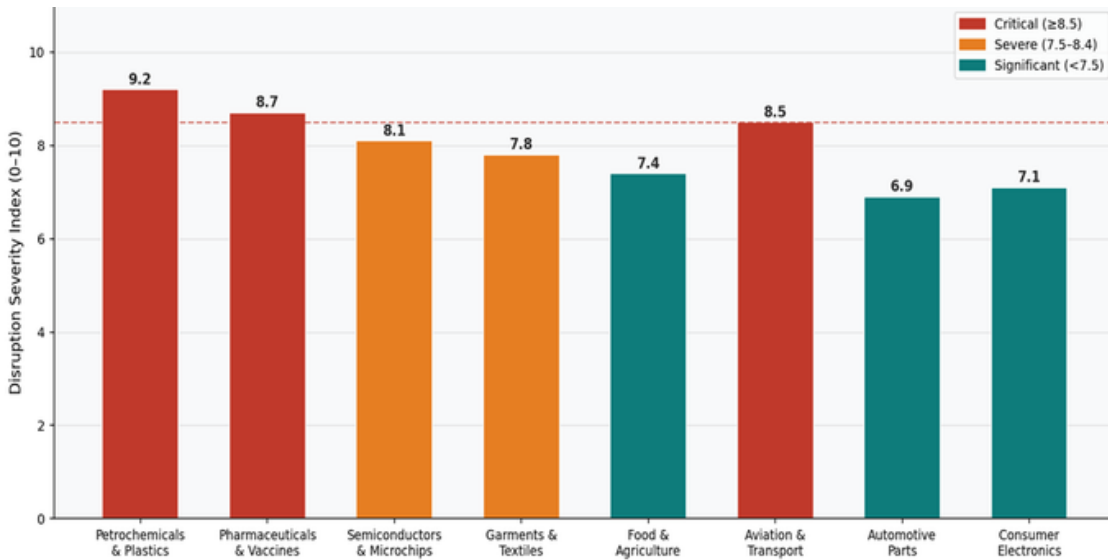


Figure 4: Supply Chain Disruption Severity by Sector

Source: Synthesized from (IEA 2026, Jong-do 2026, The World Bank 2026, United Nations Development Programme (UNDP) 2026)

Social and Humanitarian Impacts

The economic shocks are increasingly spilling over into serious social and humanitarian challenges. UNDP estimates suggest that millions across Asia could fall into poverty by the end of the year, highlighting the disproportionate impact on vulnerable groups (United Nations Development Programme 2026).

Several countries are experiencing scenes of crisis comparable to the COVID-19 pandemic, including canceled flights, surging food prices, factory pauses, delayed shipments, and empty shelves (Szmer 2026). Disruptions to pharmaceutical supply chains are also creating serious health risks. Shortages of vaccines, syringes, and other medical supplies are threatening public health programs, particularly in countries with large populations and limited healthcare capacity. The situation has exposed how dependent global pharmaceutical systems are on petrochemical inputs used in plastic medical equipment and packaging (Yadav and Hirschfeld 2026).

Food security concerns are mounting as instant noodles and other staple foods become scarce or unaffordable. In many Asian countries, instant noodles serve as an affordable protein and calorie source for low-income populations. The combination of naphtha shortages (affecting packaging), transportation disruptions, and inflation has created a perfect storm for food insecurity (Programme 2026).

GOVERNMENT POLICY RESPONSES

Immediate Emergency Measures

The Middle East Conflict and closure of the Strait of Hormuz have triggered a major global energy shock, sharply increasing fuel prices and exposing the vulnerability of fossil fuel dependence, particularly in the Indo-Pacific region. In response, over 30 governments have implemented emergency measures such as fuel subsidies, tax cuts, strategic reserve releases, and direct financial support to protect consumers and stabilise economies. Figure 4 shows the government policy response heatmap.

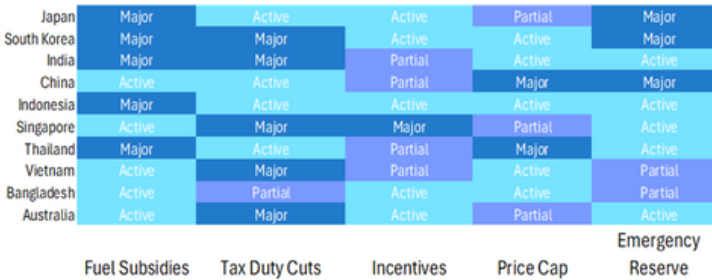


Figure 5: Supply Chain Disruption Severity by Sector

Source: Synthesized from The Energy Institute 2026, United Nations Development Programme 2026, Zulkifli 2026)

Countries like Japan, South Korea, and Singapore have deployed comprehensive responses and others face limited capacity. Many governments are pursuing medium-term strategies to strengthen resilience, including diversifying energy sources, accelerating renewable energy deployment, improving supply chain security, and enhancing regional cooperation. The crisis is not only creating immediate economic pressure but also accelerating the transition toward more secure and sustainable energy systems.

Japan and South Korea have deployed the most comprehensive responses, with “Major” ratings across fuel subsidies and emergency reserves. Singapore leads on cash transfers and tax/duty cuts. Bangladesh and Vietnam show the thinnest response capacity, with several “Partial” ratings. China has prioritized price caps and emergency reserves over direct cash transfers.

Over 30 governments across the Indo-Pacific region have implemented emergency measures to mitigate the immediate impacts of the energy crisis. These measures fall into several categories:

Fuel Subsidies and Price Controls: The most common response has been direct fuel subsidies or price controls to shield consumers from the full impact of energy price increases. Countries implementing these measures include:

- Thailand: Froze fuel and cooking gas prices until May; provided fuel subsidies under the Oil Fuel Fund
- Indonesia: Implemented fuel subsidies and price controls
- India: Provided fuel subsidies and released strategic petroleum reserves
- Malaysia: Implemented fuel price controls and subsidies

- Philippines: Provided fuel subsidies and transportation support
- Vietnam: Cut fuel import tariffs until April 30; provided extra funds to existing fuel price stabilization mechanism
- Timor-Leste: Capped fuel prices and provided subsidies under the Oil Fuel Fund
- Australia: The 32.4 cents per litre, heavy vehicle road user charge was reduced to zero for the same three-month period.

Tax Reductions: Several governments have reduced taxes on fuel and energy to lower consumer prices:

- Japan: Implemented temporary fuel tax reductions
- South Korea: Reduced fuel taxes and provided industry support
- Australia: Halved the fuel excise duties for next three months
- New Zealand: Reduced fuel taxes and provided cost-of-living support

Strategic Reserve Releases: Countries with strategic petroleum reserves have released stocks to increase supply and stabilize prices:

- Japan: Released strategic petroleum reserves
- South Korea: Released strategic reserves and coordinated with IEA members
- India: Released strategic reserves and coordinated regional responses
- China: Released strategic reserves (though specific volumes not publicly disclosed)

Direct Financial Support: Governments have provided direct cash transfers or subsidies to vulnerable populations and affected industries:

- Singapore: Increased corporate income tax rebates; provided generic cash reliefs to households; extra support for taxi and platform drivers; temporary co-funding for essential bus services
- Australia: Provide one off cost-of-living payments to low-income households
- New Zealand: Provided targeted support for low-income families

Supply Management: Some governments have implemented restrictions on hoarding or stockpiling to prevent speculation and ensure equitable distribution:

- South Korea: Banned stockpiling of syringes and needles due to supply disruption concerns
- Taiwan: Implemented measures to prevent hoarding of essential goods
- Bangladesh: Restricted exports of certain goods to ensure domestic supply

POLICY RECOMMENDATIONS FOR ENERGY SECURITY

Short-Term Crisis Management (0–6 months)

1. Establish Regional Energy Security Coordination Mechanism

Indo-Pacific countries should immediately establish a high-level regional coordination mechanism for energy security, building on existing frameworks like ASEAN+3 and the East Asia Summit. This mechanism should:

- Coordinate strategic petroleum reserve releases to maximize market impact
- Share real-time information on supply disruptions and alternative sources
- Coordinate emergency procurement to avoid bidding wars that drive up prices
- Establish protocols for mutual assistance during acute shortages

This recommendation aligns with scholarly calls for strengthening international alliances and multilateral diplomacy to address Strait of Hormuz disruptions (Ramadhani and Marzaman 2024, Rafiq, Riaz et al. 2025).

2. Implement Targeted, Time-Limited Subsidies

Governments should introduce free or heavily discounted public transport fares. This can be time-limited to protect fiscal sustainability. Government also should:

- Focus subsidies on vulnerable populations and critical industries rather than universal support
- Set clear sunset dates and communicate phase-out plans to manage expectations
- Tie subsidies to energy efficiency improvements or renewable energy adoption where possible
- Monitor fiscal impacts closely and adjust as needed to maintain macroeconomic stability

Indonesia's experience highlights the importance of fiscal discipline alongside crisis response (Melzattia, Mahroji et al. 2025).

Medium-Term Resilience Building (6–24 months)

1. Diversify Energy Supply Sources and Routes

Countries should accelerate efforts to diversify energy imports:

- Negotiate long-term contracts with non-Middle Eastern suppliers
- Develop alternative transportation routes (pipelines, different shipping lanes)
- Explore regional energy trading arrangements to share resources

Emerging practice (Rio Jon Piter Silitonga and Linn 2026):

- Brunei is exploring diversification away from its heavy gas dependency through bilateral renewable energy cooperation.
- Cambodia and Vietnam are increasing reliance on diversified fuel imports and adjusting tariffs to stabilise supply.

Research highlights the need for diversifying energy pathways to reduce dependence on the Strait of Hormuz (Ramadhani and Marzaman 2024, Rudenko M. N., Sedyh V. A. et al. 2025).

2. Accelerate Renewable Energy Deployment

The crisis provides urgent motivation to accelerate renewable energy transitions:

- Fast-track approval and financing for solar, wind, and hydropower projects
- Provide incentives for distributed generation and energy storage
- Invest in grid infrastructure to accommodate higher renewable energy shares
- Support research and development in emerging technologies (hydrogen, advanced batteries)

Emerging practice (Rio Jon Piter Silitonga and Linn 2026):

- Lao PDR is promoting solar, biogas, and EV adoption, with a 10% EV target by 2026.
- Indonesia has initiated policy packages alongside fiscal savings to support longer-term transition.

Multiple studies emphasize transitioning to renewable energy to reduce dependence on volatile fossil fuel supplies (Ibekwe, Etukudoh et al. 2024, Ramadhani and Marzaman 2024).

3. Enhance Energy Efficiency

- Improving energy efficiency can reduce import dependence and lower costs (Rio Jon Piter Silitonga and Linn 2026):
- Implement building energy codes and appliance efficiency standards
- Provide incentives for industrial energy efficiency improvements
- Invest in public transportation and electric vehicle infrastructure
- Promote behavioral changes through public awareness campaigns

Observed regional measures include:

- Work-from-home (WFH) and reduced work weeks: Indonesia (partial WFH), Philippines (4-day work week), Thailand and Vietnam (encouraged WFH)
- Energy-saving mandates: Philippines (10–20% reduction targets), Thailand (AC set to 26°C), Cambodia (government-wide directives)
- Public behaviour shifts: Singapore and Vietnam encouraging public transport, carpooling, and cycling

These measures demonstrate rapid deployment of low-cost, high-impact demand reduction strategies.

4. Build Strategic Reserves of Critical Materials

Beyond petroleum reserves, countries should build strategic stockpiles of critical materials:

- Helium reserves for semiconductor manufacturing
- Naphtha and petrochemical feedstocks for chemical industries
- Critical minerals for renewable energy and electronics
- Pharmaceutical ingredients and medical supplies

Taiwan's experience with helium shortages highlights the importance of strategic reserves for critical industrial inputs. Thailand has secured approximately two months of oil reserves, reflecting growing attention to strategic buffering capacity.

5. Strengthen Supply Chain Resilience

Industries and governments should work together to enhance supply chain resilience:

- Map supply chain dependencies and identify critical vulnerabilities
- Develop alternative suppliers and redundant supply routes

- Invest in regional manufacturing capacity to reduce import dependence
- Establish early warning systems for supply disruptions

Emerging disruptions and responses:

- Cambodia's closure of 400+ fuel stations and Myanmar's fuel rationing system highlight supply fragility
- Vietnam's tariff removal reflects proactive market intervention to stabilise supply chains
- Research emphasizes early risk identification and alternative routing strategies.

6. Enhance Regional Cooperation Mechanisms

Strengthen existing regional cooperation frameworks and create new ones:

- Expand ASEAN energy cooperation to include strategic reserves and emergency response
- Develop regional frameworks for supply chain coordination
- Establish regional financing mechanisms for energy infrastructure
- Create regional platforms for sharing best practices and coordinating policies

Policy relevance:

- Bilateral and regional dialogues (e.g., Brunei–Indonesia cooperation) indicate early movement toward coordinated responses

ASEAN's diplomatic role remains crucial for regional resilience (Zulkifli 2026).

7. Fiscal Consolidation and Reform

As the immediate crisis subsides, governments should pursue fiscal consolidation:

- Gradually phase out energy subsidies while protecting vulnerable populations
- Implement tax reforms to strengthen revenue collection (Indonesia's experience)
- Improve public financial management and reduce corruption
- Build fiscal buffers for future crises

Observed interventions include:

- Fuel subsidies and price controls: Malaysia (increased subsidies), Timor-Leste (price caps), Thailand (diesel cap)
- Household support: Singapore's U-Save rebates
- Fuel rationing: Myanmar

These measures highlight the energy equity dimension, though they may delay long-term transition if prolonged.

RECOMMENDATION HIGHLIGHTS

1. Shift from crisis response to structural resilience

- Move beyond reactive, short-term interventions toward long-term energy system transformation
- Embed energy security considerations into national development and industrial strategies

2. Accelerate clean energy transitions

- Fast-track investment in renewable energy, storage, and grid modernisation
- Reduce structural dependence on imported fossil fuels, particularly from high-risk regions

3. Diversify energy supply and trade routes

- Expand sourcing beyond the Middle East through long-term contracts and regional partnerships
- Invest in alternative logistics and regional energy trading mechanisms

4. Strengthen regional cooperation

- Institutionalise coordinated responses to energy shocks (e.g., shared reserves, joint procurement)
- Enhance ASEAN and broader Indo-Pacific platforms for energy governance and crisis coordination

5. Build strategic reserves beyond oil

- Develop stockpiles for critical inputs such as naphtha, helium, pharmaceuticals, and key industrial materials
- Integrate supply chain resilience into national security planning

6. Target energy equity while maintaining fiscal discipline

- Replace broad subsidies with targeted support for vulnerable populations
- Implement clear exit strategies to avoid long-term fiscal strain

7. Invest in efficiency and demand-side management

- Scale up energy efficiency across industry, buildings, and transport
- Promote behavioural and technological shifts that reduce overall energy demand

Conclusion

The conflict has exposed a structural vulnerability at the heart of the Indo-Pacific's growth model: deep dependence on imported fossil fuels routed through a single geopolitical chokepoint. As this brief has shown, disruptions in the Strait of Hormuz have triggered cascading impacts across energy systems, economies, supply chains, and social stability. What began as an energy shock has rapidly evolved into a multidimensional crisis affecting inflation, industrial production, public finances, and human welfare across the region.

The crisis reinforces a central insight of the energy trilemma: energy security, affordability, and sustainability are tightly interconnected, and failure in one dimension quickly destabilizes the others.

Short-term emergency measures e.g. subsidies, tax cuts, and reserve releases, have been necessary to cushion immediate impacts. However, these responses are fiscally costly and cannot substitute for deeper structural reform. Without strategic shifts, the region risks remaining locked in a cycle of recurring energy shocks driven by geopolitical instability.

At the same time, the crisis presents a critical inflection point. It has created both urgency and political momentum to accelerate long-overdue transitions toward more resilient, diversified, and sustainable energy systems. Countries that act decisively now can reduce future exposure to external shocks while strengthening economic and environmental outcomes.

Disclaimer:

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