

SPECIAL BRIEFING

US-Israel-Iran War: Supply Chain Impact Assessment

Strait of Hormuz Closure, Energy Price Shock, and Cascading Logistics Disruption

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OVERALL SUPPLY CHAIN RISK: CRITICAL

Active military conflict. Two major maritime chokepoints disrupted. Oil above \$100/barrel. Emergency surcharges in effect. Situation deteriorating.

RISK AREA	LEVEL	KEY CONCERN
Strait of Hormuz	CRITICAL	Effectively closed. Near-zero commercial transits since March 2.
Energy Prices	CRITICAL	Brent crude spiked to ~\$120/bbl (CNBC); currently ~\$85. Qatar LNG halted.
Container Shipping	HIGH	Gulf ports suspended. \$3,000/FEU emergency surcharges. Cape rerouting.
Red Sea / Suez Canal	HIGH	Houthis announced resumed attacks. Carriers re-diverting around Africa.
Air Freight	ELEVATED	Middle East airspace restricted. Asia-Europe rates up 6–15%.
Inflation / Input Costs	ELEVATED	US gas heading toward \$4/gal. Diesel, jet fuel, plastics all rising.

Executive Summary

On February 28, 2026, the United States and Israel launched coordinated strikes on Iran under Operation Epic Fury, killing Supreme Leader Ali Khamenei and targeting nuclear, military, and leadership infrastructure. Iran responded with retaliatory missile and drone strikes on Israel, US military bases across the Gulf, and Arab states hosting US forces. As of March 10, the conflict is in its 10th day with no ceasefire in sight.

The supply chain impact is already severe and accelerating. The Strait of Hormuz—through which 20% of global oil transits—is effectively closed to commercial shipping. Iran's IRGC declared the strait closed on March 2 and has attacked vessels attempting transit. Tanker traffic has dropped approximately 90% (MarineTraffic data, March 4). Insurance providers have pulled war-risk coverage, making commercial transit economically impossible even where physically feasible.

Simultaneously, the Houthis have announced a resumption of Red Sea shipping attacks, reversing 3.5 months of relative calm. Carriers that had begun returning to Suez Canal routes are re-diverting around the Cape of Good Hope. Both major East-West maritime chokepoints are now disrupted simultaneously—an unprecedented scenario for modern supply chains.

1. Strait of Hormuz: Effective Closure

What Happened

Within hours of the first strikes on February 28, Iran's IRGC broadcast on VHF Channel 16 that the strait was closed and any ship attempting transit would be attacked. At least three tankers were struck near the strait on the first day, including one set ablaze off Oman.

- **March 1–2:** No ships appeared in the strait. All major container carriers (Maersk, MSC, Hapag-Lloyd, CMA CGM) suspended transit.
- **March 2:** IRGC senior official formally confirmed closure. Protection & Indemnity insurance withdrawn for March 5 onward.
- **March 4–6:** Joint Maritime Information Center confirmed only 2 commercial transits in 24 hours—both cargo ships, zero oil tankers (JMIC, March 6).
- **March 6–8:** Transit remains at near-zero. Only Iran-linked vessels crossing (Bloomberg Hormuz Tracker, March 8).

Chinese Vessel Access: Overstated

Early reports suggested China-flagged vessels had privileged access. CSIS analysis of AIS tracking data shows this is largely untrue: between February 23–28, more than 49 Chinese-flagged vessels transited; since March 1, only two have been detected. Ships have attempted to signal Chinese ownership (broadcasting “CHINA OWNER” on AIS) but this has not guaranteed safe passage.

Operational Impact

- **20% of global oil supply** is routed through Hormuz. This supply is now effectively offline.
- **~20% of global LNG** passes through the strait, nearly all from Qatar. Qatar halted LNG production on March 2 and declared force majeure on gas contracts March 4.
- **Jebel Ali (Dubai)**, the Middle East's largest container port, is operational but inaccessible—vessels cannot reach it without transiting Hormuz.
- **150+ vessels** are anchored outside the strait waiting for conditions to change (MarineTraffic).

Meridian Assessment: The strait will remain effectively closed to non-Iranian commercial shipping for the duration of active hostilities. Even after a ceasefire, reopening will take weeks as insurers reinstate war-risk coverage and carriers rebuild confidence. Plan for 4–8 weeks minimum disruption; 3+ months if conflict extends.

2. Energy Prices: Historic Disruption

The Hormuz closure represents the largest oil supply disruption in modern history—approximately twice the scale of the 1956 Suez Crisis, according to Rapidan Energy Group.

Price Movements

METRIC	PRE-WAR (Feb 27)	CURRENT (Mar 10)
Brent Crude	~\$73/barrel	~\$85/barrel (peak: ~\$119.5)
WTI Crude	~\$64/barrel	~\$85/barrel (peak: ~\$119.9)
US Gas (avg)	~\$2.97/gallon	\$3.19/gal (AAA, Mar 4), heading to \$4+
European Natural Gas	Baseline	Up ~30% (Qatar force majeure)
VLCC Day Rate (ME→China)	~\$218,000/day	\$423,736/day (+94%)

Rystad Energy forecasts Brent could reach \$135/barrel if conditions persist for four months. Societe Generale warns that UAE may be forced to shut in oil production within 5–7 days due to lack of export capacity. Trump on March 10 said the war “will end soon,” causing prices to drop from ~\$113 to ~\$85 intraday—but no ceasefire terms have been announced.

Meridian Assessment: Oil will remain volatile between \$80–120/barrel for the duration of the conflict. Even a rapid ceasefire would take 2–4 weeks to normalize Hormuz transit and begin drawing down the supply disruption. Companies should budget for 20–40% higher energy and transportation costs through at least Q2 2026.

3. Container Shipping and Freight

Gulf Ports: Suspended Operations

- **Hapag-Lloyd and MSC:** Suspended all bookings to/from Persian Gulf ports, including Oman and UAE ports on the Gulf of Oman side.
- **CMA CGM:** Stopped accepting all bookings to/from Persian Gulf ports. Introduced \$3,000/FEU emergency surcharge.
- **Maersk:** Suspended all vessel crossings in the Strait of Hormuz, all reefer bookings to the region, and paused trans-Suez sailings through the Bab el-Mandeb Strait.

Freightos data shows Shanghai–Jebel Ali rates spiked from \$1,800/FEU to over \$4,000/FEU within 72 hours of the conflict starting. Kpler container intelligence identified multiple named vessels trapped inside the Gulf—unable to exit until Hormuz reopens—creating cascading delays for downstream ports in Asia, Africa, and Europe.

Red Sea: Back to Square One

The Houthis announced on February 28 their intention to resume attacks on Red Sea shipping in solidarity with Iran. While no confirmed strikes had occurred as of March 4, Houthi leader Abdul-Malik al-Houthi stated on March 5 that the group’s “hands are on the trigger.” BIMCO warned that war-risk premiums will increase sharply and ships with US or Israeli business connections may be unable to obtain insurance.

Carriers that had resumed Suez Canal transit in recent months (including Maersk) have re-diverted to the Cape of Good Hope. Xeneta chief analyst Peter Sand stated that a large-scale return of container shipping to the Red Sea in 2026 is now unlikely.

Meridian Assessment: The dual closure of Hormuz and the Red Sea return to risk creates an unprecedented two-chokepoint disruption. Asia–Europe transit times will add 10–14 days via Cape routing. Freight rates on major east-west trades are likely to rise 15–40% over the next 4–6 weeks as available vessel capacity contracts. Air freight rates Asia–Europe already up 6–15% and will continue climbing as capacity through Middle East airspace narrows.

4. Cascading Effects by Sector

SECTOR	EXPECTED IMPACT
Automotive	Higher diesel/shipping costs hit margins. Asian-sourced components face 2–4 week delays via Cape routing. Gulf-based aluminum and plastics supply disrupted.
Electronics	Air freight cost increases for high-value components. Semiconductor supply from Taiwan not directly affected but shipping to European markets delayed by Red Sea/Cape diversion.
Food & Bev	Fertilizer prices rising (Hormuz is key route). Reefer container bookings suspended to Gulf. Energy costs increase processing and cold chain expenses.
Logistics	Bunker fuel costs up 20–40%. Transit time extensions strain fleet capacity. Emergency surcharges eating into margins unless passed through. Insurance premiums spiking.
Industrial	Steel and aluminum pricing exposed to energy cost pass-through. Gulf petrochemical supply disrupted. Equipment shipments delayed.

5. Scenario Analysis

SCENARIO	PROBABILITY	TIMELINE	SUPPLY CHAIN IMPACT
Rapid ceasefire	15–20%	1–2 weeks	Hormuz reopens in 3–4 weeks. Oil retreats to \$70–80. Short-term surge pricing.
Protracted conflict (4–6 weeks)	45–55%	4–8 weeks	Oil \$90–120. Hormuz closed throughout. Gulf production shut-ins. Freight rates up 30–50%.
Extended war / escalation	25–35%	3+ months	Oil \$120+. Houthis resume full Red Sea campaign. Global recession risk. Commodity shortages.

Trump's March 10 statement that the war "will end soon" is a positive signal but lacks specifics. Iran's new supreme leader (Mojtaba Khamenei, appointed March 8) has signaled continuity with his father's hardline policies, and a senior Iranian official told CNN there is "no prospect for an immediate end." The protracted conflict scenario remains most likely.

6. Recommended Actions

Immediate (This Week)

- **Audit Gulf exposure:** Identify all shipments currently routed through or awaiting transit at the Strait of Hormuz. Contact carriers for status on any containers trapped inside the Gulf.
- **Lock in freight rates:** If you have pending shipments on Asia–Europe lanes, book now before Cape-routing capacity tightens further and surcharges increase.
- **Activate alternative suppliers:** If any raw materials or components flow through the Gulf (petrochemicals, aluminum, fertilizer), contact alternative sources immediately.
- **Review fuel surcharge clauses:** Ensure your freight and logistics contracts allow cost pass-through. If not, renegotiate now—carriers will be imposing emergency surcharges regardless.

Short-Term (Next 2–4 Weeks)

- **Build inventory buffers:** For critical components, accelerate orders to create 4–6 weeks of safety stock. The disruption will get worse before it gets better.
- **Diversify routing:** Explore overland alternatives for Europe-bound cargo (China–Europe rail via Kazakhstan/Russia, though sanctions complicate this). Consider air freight for high-value, time-sensitive shipments despite 6–15% rate increases.
- **Hedge energy exposure:** If your operations are energy-intensive, consider locking in diesel/natural gas pricing for Q2 2026 while futures are volatile but before a potential sustained spike.
- **Communicate with customers:** Proactively notify customers of potential delays and cost increases. Companies that communicate early maintain trust; those that surprise customers with delays lose contracts.

Contingency Planning

- **Scenario-plan for \$120+ oil:** Model the impact on your landed costs, transportation budget, and product pricing if Brent remains above \$100 for 3+ months.
- **Map Tier 2/3 supplier exposure:** Your direct suppliers may have their own Gulf dependencies you're not aware of. Ask them directly.
- **Monitor Houthi escalation:** If Houthi rhetoric converts to confirmed attacks on shipping, Suez Canal traffic will collapse again. This would compound the Hormuz closure and create the most severe maritime disruption since World War II.

BOTTOM LINE

This is the most significant supply chain disruption since COVID-19, and for energy-dependent and Gulf-connected operations, it is more severe. The window for “wait and see” has closed. Companies that take defensive action now—securing inventory, locking rates, diversifying routes, and communicating with customers—will emerge in a stronger competitive position than those that react after the damage is done. Meridian will provide weekly updates on conflict developments, Hormuz status, freight rate movements, and recommended operational adjustments for the duration of this crisis.

Sources

This briefing draws on the following primary sources, accessed March 8–10, 2026:

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- Joint Maritime Information Center (JMIC) — Hormuz transit reports (March 4–6)
- Bloomberg Hormuz Tracker — Daily vessel transit monitoring (March 6–8)
- Freightos — Iran War Freight Update (March 4, 2026)
- CNBC — Strait of Hormuz crisis: shipping, oil tanker rates, VLCC data (March 2–3)
- Kpler/MarineTraffic — Container vessel tracking and disruption analysis (March 4)
- Rystad Energy, Societe Generale — Oil price forecasts (March 9)
- ISM/Xeneta/BIMCO — Supply chain and freight rate analysis (March 1–8)
- Al Jazeera, CNN, NPR, Wikipedia — Conflict reporting and casualty tracking
- NBC News, TIME, Fortune, Washington Post — Economic impact reporting

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