

The Crisis of the Strait of Hormuz : structural analysis of the causes of the blockade

Martin Nuttens, 04/24/2026

The Strait of Hormuz is a critical pillar of the global energy architecture. A 54-kilometer-wide passage connecting the Persian Gulf with the Gulf of Oman and the Arabian Sea, it underwent a radical transformation in 2026, shifting from a fluid transit corridor to an unprecedented theater of multidimensional blockade. This crisis, triggered by Iran following Israeli and American strikes on Iranian soil, which notably killed Ayatollah Khamenei, revealed a systemic fragility in which actuarial mechanisms, economic imperatives, and legal frameworks intertwined to paralyze global trade. The situation observed in March and April 2026 demonstrates that the closure of such a chokepoint does not require a continuous military presence over every square meter of water but it can rather be achieved through the rupture of financial trust circuits and the desynchronization of maritime insurance markets.

The Infrastructure of Dependency: An Analysis of Flows and Economic Vulnerabilities.

The centrality of the Strait of Hormuz in the global economy rests on transit volumes that no other infrastructure can adequately supplant. In 2024, the flow of oil through the strait reached an average of 20 million barrels per day, representing approximately 20% of global petroleum liquid consumption (U.S. Energy Information Administration [EIA], 2026). During the first half of 2025, volumes oscillating between 20 and 20.9 million barrels per day passed through the strait. According to the International Energy Agency (IEA), these commercial transits primarily involve exports to Asian markets. Approximately 84% of crude oil and 83% of liquefied natural gas (LNG) transiting the strait are destined for China, India, Japan, and South

Korea (EIA, 2026). This geographical asymmetry means that any interruption in the Strait of Hormuz acts as a direct shock to Asia's industrial capacities. Conversely, the United States, whose imports via this passage accounted for only 2% of its consumption in 2024, is structurally less exposed but politically constrained by the contagion effects on global prices (EIA, 2026).

The liquefied natural gas sector is equally critical. Qatar, the world's second-largest LNG exporter, shipped more than 112 billion cubic meters in 2025, 93% of which had to cross the strait (Speed Commerce, 2026). The Iranian attack on the Ras Laffan complex in March 2026, although targeting largely inactive infrastructure, reduced Qatari production capacity by 17%, causing an immediate 140% surge in gas prices on Asian markets (Reuters ; 2026). These figures illustrate that the strait is not merely an oil conduit, but the central pivot of global energy security, the paralysis of which precipitates a brutal reconfiguration of energy and commodity prices.

The Actuarial Blockade Mechanism: Finance as a Weapon of Anti-Access

The strategic innovation of the 2026 crisis lies in the utilization of maritime insurance as a *de facto* blockade mechanism. The strait did not close solely because Iran deployed mines or fast attack craft, but because the commercial architecture enabling navigation ceased to function in less than seventy-two hours (House of Saud, 2026). Seven of the twelve insurance clubs that collectively cover 90% of global tonnage canceled their war risk coverage immediately following the initial US-Israeli strikes on February 28, 2026.(Reuters ; 2026) Commercial navigation relies on three indispensable layers of insurance: Hull and Machinery coverage, Protection and Indemnity (P&I) for third-party liabilities, and cargo coverage (House of Saud, 2026). In the absence of any of these layers, a shipowner is exposed to immense financial losses. On March 2, 2026, the Danish carrier Maersk suspended all operations to the Gulf, followed by major carriers such as Hapag-Lloyd and CMA CGM, which introduced emergency surcharges ranging from \$1,500 to \$2,000 per container (RSDI, 2026). Lloyd's Joint War Committee (JWC) played a decisive role in this paralysis by expanding the list of high-risk areas to include all Gulf

countries hosting American bases (Lloyd's Market Association, 2026). This mechanism is not only bureaucratic : it triggers automatic contractual clauses (VOYWAR and CONWARTIME) that allow shipowners to refuse loading orders or deviate from their initial routes without breaching their contracts (Kilinc Law, 2026). The practical consequence was the immobilization of over 2,000 ships and 20,000 seafarers, transforming the strait into a giant parking lot where security uncertainty outweighed any commercial logic (Modern Diplomacy, "Iran's New Strait of Hormuz Protocol," 2026). Moreover, An analysis of the causes behind this massive withdrawal reveals a failure in the informational environment. Indeed, insurers depend on a continuous flow of intelligence from government agencies, notably the "Five Eyes" partnership, to model kinetic risks (Briefings for Britain, 2026), but in 2026, diplomatic frictions between Washington and London reduced geopolitical visibility, rendering the risk not only high but, more importantly, incalculable. As several industry experts have underscored, the London market does not fear danger, but it is incapable of pricing opaque uncertainty (Briefings for Britain, 2026). Therefore, this structural freeze of the insurance market functioned as a more effective blockade than any physical mining campaign.

Mechanism and Limits of the DFC Program and Military Attempts.

Faced with the immobilization of the global fleet, the US administration attempted an unprecedented intervention in the private insurance sector. On March 3, 2026, President Trump ordered the U.S. International Development Finance Corporation (DFC) to provide political risk guarantees and reinsurance for all maritime trade in the Gulf (Anderson Kill P.C., 2026). The program, endowed with an initial capacity of \$20 billion, aimed to act as a reinsurer of last resort, with Chubb designated as the lead insurer to issue federally backed policies (Anderson Kill P.C., 2026). The objective was to force the resumption of traffic by removing the barrier of insurance costs. However, this \$20 billion solution was exhausted in barely three weeks, due to two primary reasons. First, the human factor was predominant; even with comprehensive coverage for physical damage and civil liability, ship captains refused to enter an active strike

zone, fearing for the safety of their crews (RUSI, 2026). Second, the US bond market sent severe distress signals. The MOVE index, which measures expected volatility in the US bond market, reached record highs, thereby limiting the state's capacity to underwrite such massive financial commitments (RUSI, 2026). Finally, both political and operational blockages hindered American efforts to keep the strait open. Indeed, while US industry produces, for instance, roughly 90 Tomahawk missiles per year, approximately 850 had been expended by March 27, 2026, equating to nearly nine times the US production in 2025. At this expenditure rate, maintaining strategic reserves for other conflict theaters, notably in the Pacific, was impossible. The United States failed to keep the strait open, both via financial mechanisms and due to operational and military constraints. The preponderant importance of the Strait of Hormuz in the global energy structure makes unblocking attempts particularly delicate. They are militarily exorbitant, and financially ineffective due to the disconnect between actuarial mechanisms and the operational reality experienced by the crews.

Tehran's "New Protocol": Toward a Nationalization of the Strait?

Iran capitalized on the traffic paralysis to attempt a paradigm shift in jurisprudence and sovereignty. The "New Strait of Hormuz Protocol," announced in April 2026, represents an attempt to transition from a "transit passage" regime guaranteed by UNCLOS to a "sovereign permission" regime under Iranian control (Modern Diplomacy, "Iran's New Strait of Hormuz Protocol," 2026). The central instrument of this protocol is the imposition of a digital toll for every transiting vessel. Tehran demanded that ships submit their cargo details via email prior to being assigned a transit window, conditioned on the payment of approximately \$1 per barrel of oil in Bitcoin (Times of India, 2026). This mechanism was designed to be sanction-resistant: payment must be completed within seconds of the assessment, thereby preventing any traceability or freezing of funds by Western financial institutions (MEXC, 2026). Legally, this protocol is a flagrant violation of the 1982 United Nations Convention on the Law of the Sea (UNCLOS). Article 38 of UNCLOS stipulates that in straits used for international navigation, all ships enjoy the right of transit passage, which shall not be impeded (Modern Diplomacy, "Iran's

New Strait of Hormuz Protocol," 2026). Iran justified its action by citing national security imperatives in wartime, but the International Maritime Organization (IMO) immediately warned that instituting tolls in an international strait would establish a dangerous precedent for the freedom of the seas (Modern Diplomacy, "Iran's New Strait of Hormuz Protocol," 2026). The most troubling aspect of this protocol is the forced compliance of certain economic actors. Under the pressure to deliver vital cargoes, some shipowners discreetly began to comply with Iranian demands, agreeing to pay for the "service" to secure a safe corridor (Modern Diplomacy, "Iran's New Strait of Hormuz Protocol," 2026). This dynamic engenders a fragmentation of international maritime law, where commercial logic overrides sovereign principles, thereby weakening the negotiating position of Western powers.

The Escalation Toward a Total US Blockade

On April 12, 2026, following the failure of the Islamabad negotiations, President Trump announced a complete naval blockade of the Strait of Hormuz by the US Navy (Modern Diplomacy, "Trump threatens to blockade the Strait of Hormuz," 2026). This blockade aimed not only to prevent Iran from exporting its own oil but also to intercept any vessel that had paid the Bitcoin tax imposed by Tehran (Modern Diplomacy, "Trump threatens to blockade the Strait of Hormuz," 2026). This decision placed US allies and Asian powers in an untenable position. By attempting to sever Iran's revenue streams, Washington paradoxically reinforced the physical closure of the strait, exacerbating the global energy crisis (Institute of South Asian Studies [ISAS], 2026). The current military situation is characterized by a balance of technological terror. Iran possesses Khorramshahr-4 and Kheibar Shekan ballistic missiles, sometimes armed with submunitions, capable of saturating the defenses of American bases and Gulf oil terminals (Institute for the Study of War [ISW], 2026). The strikes on Ras Laffan and the Fujairah terminal on March 4 demonstrated that even ports located outside the strait are not immune, thereby negating the efficacy of bypass pipelines (Wikipedia, "Economic impact of the 2026 Iran war," 2026)

Diplomacy and Resolution: From Operation Project Freedom to the Islamabad Memorandum

Following the initial collapse of talks in April, the crisis transitioned into a volatile military standoff throughout May 2026. On May 4, 2026, the United States launched "Operation Project Freedom," a military initiative aimed at escorting merchant ships and breaking the Iranian blockade (BBC News, 2026). However, the operation was abruptly paused on May 6 by President Donald Trump, citing "great progress" toward a potential agreement, despite the ongoing risks to commercial navigation (BBC News, 2026). The subsequent weeks saw a costly war of attrition, with the US maintaining a naval blockade on Iranian ports while Tehran continued its disruptions in the Strait, further paralyzing global energy markets and triggering severe economic fallout (U.S. Central Command [CENTCOM], 2026). The unbearable economic pressure on global supply chains eventually catalyzed a diplomatic breakthrough. Mediated by Pakistan and Qatar, negotiations culminated in the "Islamabad Memorandum of Understanding" (MOU) (Doha Institute, 2026). Remotely signed on June 17, 2026, by US President Donald Trump and Iranian President Masoud Pezeshkian, this interim agreement marked the official de-escalation of the kinetic crisis (WilmerHale, 2026). The Memorandum mandated a 60-day ceasefire, the immediate termination of the US naval blockade, and the reopening of the Strait of Hormuz to commercial navigation to pre-war status, without the imposition of tolls, during the 60-day negotiation window (WilmerHale, 2026; IISS, 2026). In exchange, Washington agreed to sweeping economic concessions, including the immediate issuance of waivers for Iranian energy exports, the unfreezing of restricted assets, and the development of a \$300 billion reconstruction plan for Iran (WilmerHale, 2026; Doha Institute, 2026). Despite this diplomatic milestone, the resolution remains inherently fragile. The operational reality of the Strait continues to be clouded by sovereign ambiguity. While the MOU officially suspends the toll, Iran's parliament speaker and chief negotiator, Mohammad Bagher Ghalibaf, publicly asserted that the strait "will never return to its pre-war conditions and will be administered" by Iran (IISS, 2026). This rhetorical persistence suggests that while the military phase of the blockade has been suspended, the underlying conflict over legal jurisdiction and financial extraction in the Strait of Hormuz

remains unresolved, leaving the global shipping industry in a state of cautious limbo.

Conclusion

An analysis of the 2026 Strait of Hormuz crisis reveals that the security of globalization's vital arteries no longer rests solely on naval firepower, but rather on an intangible infrastructure of financial trust, shared intelligence data, and scrupulous adherence to international legal norms. Furthermore, the actuarial closure of the strait demonstrated that the insurance market can paralyze the global economy faster than any naval fleet. The Strait of Hormuz crisis thus underscores the urgency for the international community to rethink the protection of the global commons by integrating financial risks into traditional maritime security planning. The future of the Strait of Hormuz remains suspended upon the actors' capacity to decouple regional political conflicts from the technical imperatives of commercial navigation. As long as maritime transit is leveraged as a hostage in nuclear or territorial negotiations, the stability of the global economy will remain precarious, subject to the fluctuations of risk premiums. The lesson of Hormuz is ultimately clear: the freedom of the seas is indivisible from the stability of the global financial system. Looking beyond the immediate shock of early 2026, the entrenchment of this crisis marks a permanent inflection point for global supply chains. The ongoing vulnerability of the Strait is accelerating long-term bypass strategies, forcing Gulf nations to expedite the development of trans-Arabian overland pipelines to the Red Sea, despite the immense infrastructural costs. Moreover, for Asian industrial powerhouses, the weaponization of the Strait and the resulting energy inflation serve as a brutal catalyst to accelerate their domestic energy transitions away from Middle Eastern fossil fuels. Ultimately, the 2026 blockade did not just temporarily close a chokepoint; it fractured the unified architecture of global maritime trade, ushering in an era where strategic waterways are increasingly governed by competing jurisdictions, sovereign digital tolls, and fragmented regional insurance mechanisms.

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