



BNU CENTER FOR POLICY RESEARCH
CRISIS BRIEFING REPORT
 Iran War: Economic & Maritime Implications
 Integrated Strategic Assessment



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SITUATION ASSESSMENT: MODERATE TO HIGH-RISK ENVIRONMENT

Pakistan is navigating one of the most consequential regional crises in recent history. The US-Israel military offensive launched on 28 February 2026 has rapidly escalated beyond a regional conflict into a global economic emergency. Iran's closure of the Strait of Hormuz, through which approximately 20% of the world's oil and a third of its LNG transits daily, has sent shockwaves through energy markets, disrupted global shipping routes, and placed developing economies across Asia, Africa and even Europe under severe strain. For Pakistan, the exposure is immediate and multi-dimensional: Gulf remittances, fuel import costs, and trade corridors are all at serious risk.

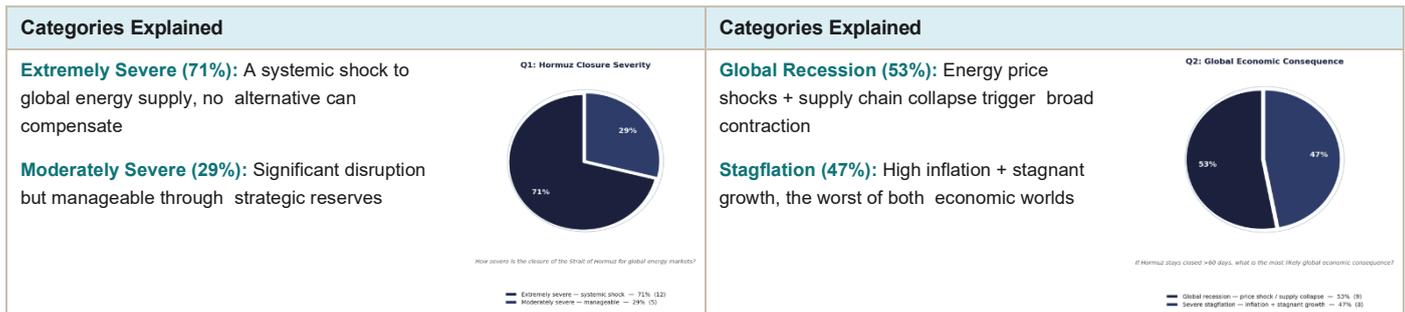
This briefing draws on insights from a webinar convened by the BNU Center for Policy Research (BCPR) on 14 March 2026, which brought together a focus group of six leading experts in maritime security, foreign policy, strategic affairs, and economics. It also incorporates responses from a broader group of expert participants ($n=20$) who were surveyed on key questions arising from the crisis. The findings are based on a structured discussion covering five themes: the severity of the Hormuz closure; global economic fallout; Pakistan's specific economic exposure; the viability of alternative shipping routes; and pathways to de-escalation. The aggregated insights form the empirical foundation of this briefing and help assess both the immediate economic impacts and longer-term structural consequences of the crisis for the region and for Pakistan.

QUESTION 1 — HORMUZ CLOSURE: SEVERITY ASSESSMENT (Q1)

Expert Panel: *How severe is the Strait of Hormuz closure for global energy markets?*

QUESTION 2 — GLOBAL ECONOMIC CONSEQUENCE (Q2)

Expert Panel: *If Hormuz stays closed >60 days, what is the most likely global economic consequence?*



Key Finding: 71% of respondents characterize the Hormuz closure as a systemic shock, not a manageable disruption. Experts confirmed this assessment, noting that ship traffic has collapsed from 138 to just 5–6 daily vessels. No viable alternative route exists at current volumes. The closure marks what experts call a cataclysmic moment for global trade and the end of Pax Americana.

Implications: The near-total collapse of Hormuz traffic signals that Pakistan can no longer treat energy security as a long-term structural concern — it is an immediate crisis. Pakistan's 28–30 day strategic petroleum reserves are wholly insufficient. Emergency procurement, storage expansion, and demand-side conservation must be activated now before reserves are exhausted.

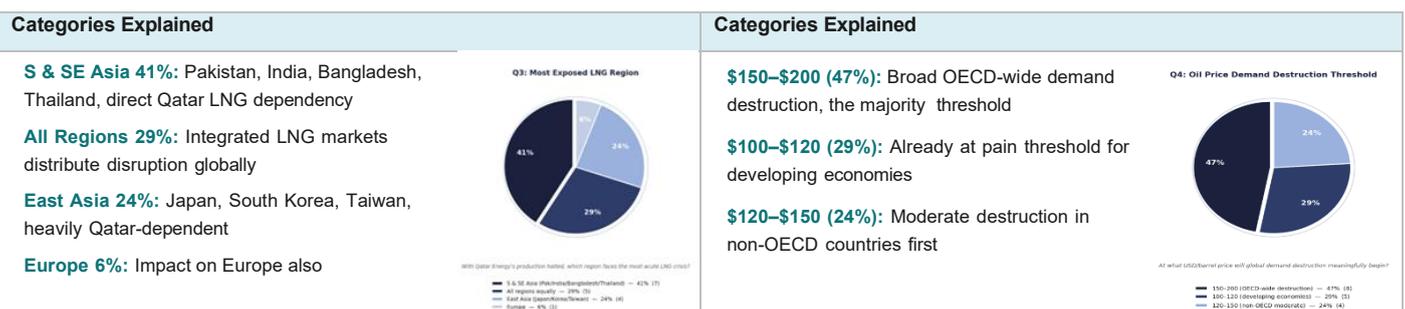
Implications: Whether the outcome is recession or stagflation, Pakistan faces severe downstream consequences either way. A global recession will suppress demand for Pakistani exports and squeeze remittances, while stagflation will erode real purchasing power and raise the cost of capital. Both scenarios demand that Pakistan engage the IMF proactively and activate fiscal buffers before the window narrows further.

QUESTION 3 — LNG SUPPLY CRISIS: MOST EXPOSED REGION (Q3)

Expert Panel: *With Qatar Energy's production halted, which region faces the most acute LNG crisis?*

QUESTION 4 — OIL PRICE: DEMAND DESTRUCTION THRESHOLD (Q4)

Expert Panel: *At what USD/barrel price level will global demand destruction meaningfully begin?*



Key Finding: South and Southeast Asia, including Pakistan, is identified by 41% as the most acutely exposed LNG region. Experts confirmed Pakistan's direct vulnerability given its dependence on Gulf energy flows, with 40% of fertilizer imports (urea) also at risk. Cascading food and agricultural impacts are expected.

Implications: Pakistan's position as the most acutely exposed LNG consumer, combined with the threat to urea and fertilizer supply chains, means the crisis risks cascading from an energy shock into a food security crisis. The government must immediately identify alternative LNG suppliers, assess domestic gas production capacity, and consider temporary subsidies to protect the agricultural sector from fertilizer price spikes.

Key Finding: 47% believe demand destruction begins at \$150–\$200 per barrel, implying that current price levels, while painful, have not yet triggered collapse.

Implications: Current oil prices, while painful, have not yet triggered full demand destruction — but Pakistan's fiscal position is too fragile to wait for that threshold. Every dollar increase in the oil price directly widens the import bill and deepens the current account deficit. Pakistan must negotiate forward energy contracts, explore barter arrangements with friendly states, and accelerate fuel substitution in the industrial and transport sectors.

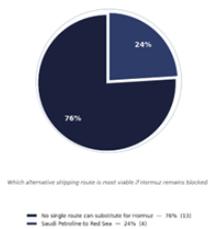
QUESTION 5 — ALTERNATIVE SHIPPING ROUTES (Q5) (Q6)

Expert Panel: Which alternative route is most viable if Hormuz remains blocked?

Categories Explained

No Substitute (76%): No single route can absorb Hormuz volumes — experts agreed
Saudi Petroline (24%): East–West Pipeline to Red Sea — partial relief only

Q5: Alternative Shipping Route Viability



Key Finding: A decisive 76% majority confirms there is no viable alternative to Hormuz at current volumes, aligning precisely with expert panel consensus. The Saudi Petroline and UAE ADCOP pipelines offer partial relief but cannot compensate for the 20% of global oil and one-third of LNG that transits the Strait daily. Economic warfare is now being waged through energy arteries.

Implications: The absence of any viable alternative to Hormuz at scale confirms that Pakistan cannot route around this crisis — it must work to resolve it. This reinforces the urgency of Pakistan's diplomatic engagement with China, the Gulf states, and Iran. Simultaneously, Pakistan should fast-track CPEC energy corridor development and Port Qasim's transshipment capacity to strengthen its own strategic positioning beyond the current crisis.

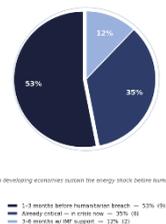
QUESTION 6 — HUMANITARIAN TIMELINE: DEVELOPING ECONOMIES (Q6)

Expert Panel: How long can developing economies sustain this energy shock before humanitarian crisis?

Categories Explained

1–3 Months (53%): Humanitarian thresholds will be breached within the quarter
Already Critical (35%): Some nations have already crossed the crisis threshold
3–6 Months (12%): Possible only with emergency international financial support.

Q6: Developing Economy Resilience Timeline



Key Finding: 88% of respondents believe developing economies will breach humanitarian thresholds within 1–3 months or are already in crisis. Experts warned that Pakistan's 28–30-day strategic energy reserves are critically insufficient. Social indicators, unemployment, and poverty are already rising, a prolonged closure will require urgent IMF dialogue and austerity measures.

Implications: Pakistan is among the most exposed of the developing economies flagged in this finding. With social indicators already under strain, a protracted Hormuz closure could push poverty rates sharply upward. The government must immediately scale up safety net programmes, fast-track IMF dialogue for emergency support, and coordinate with Gulf partners on cushioning the impact on the Pakistani diaspora and their remittance flows.

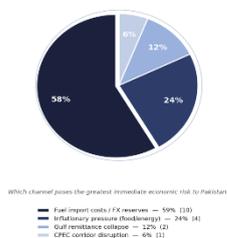
QUESTION 7 — PAKISTAN'S GREATEST ECONOMIC RISK (Q7)

Expert Panel: Which channel poses the greatest immediate economic risk to Pakistan?

Categories Explained

Fuel Costs / FX (59%): Rising import bills depleting Pakistan's \$16bn foreign reserves
Inflation (24%): Food & energy price spiral — double-digit inflation imminent
Remittances (12%): Gulf diaspora income disrupted; current account at risk
CPEC (6%): Trade corridor disruption through conflict zone

Q7: Pakistan's Greatest Economic Risk



Key Finding: 59% identify surging fuel import costs as Pakistan's primary vulnerability — consistent with expert findings that 86% of Pakistan's oil is imported. With a current account deficit of \$1.2bn and reserves at \$16bn, the IMF programme will likely need renegotiation. Trade insurance costs have already tripled, and fertilizer imports (40% exposed) threaten downstream agricultural output.

Implications: Pakistan's overwhelming exposure through fuel import costs demands an emergency pivot in energy policy. The government must initiate urgent back-channel energy negotiations with Russia and Central Asian suppliers, accelerate CPEC energy projects, and implement demand-side management measures — including targeted fuel rationing

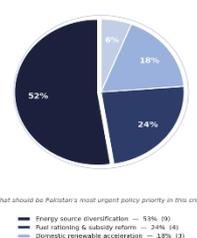
QUESTION 8 — PAKISTAN'S MOST URGENT POLICY PRIORITY (Q8)

Expert Panel: What should be Pakistan's most urgent policy priority in this crisis?

Categories Explained

Energy Diversification (53%): Source from Russia, Central Asia — reduce Gulf dependency
Fuel Rationing (24%): Subsidies restructured; non-essential imports halted
Renewables (18%): Long-term structural shift away from oil dependency
Remittances (6%): Diplomatic protection of Gulf worker income flows.

Q8: Pakistan's Urgent Policy Priority



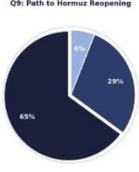
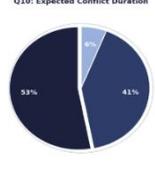
Key Finding: 53% prioritize emergency energy source diversification, toward Russia and Central Asia, as the most urgent response. Experts aligned, additionally recommending creation of a contingency fund, halting non-essential imports, reactivating the Export Development Fund, accelerating CPEC operationalization through Port Qasim, and opening IMF dialogue on medium-term programme adjustments.

Implications: The expert consensus around energy diversification aligns directly with what Pakistan's fiscal position demands. Pakistan must treat the Russia–Central Asia energy corridor not as a medium-term strategic option but as an immediate operational necessity. At the same time, the Export Development Fund must be reactivated without

— to reduce pressure on foreign exchange reserves before they reach critical levels.	delay — export competitiveness is the only credible path to offsetting the remittance shortfall.
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QUESTION 9 — PATH TO HORMUZ REOPENING (Q9)	QUESTION 10 — EXPECTED CONFLICT DURATION (Q10)
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Expert Panel: <i>What development would most likely lead to the reopening of the Strait of Hormuz?</i>	Expert Panel: <i>How long do you expect the current conflict and Hormuz closure to persist?</i>
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Categories Explained	Categories Explained
<p>China Diplomacy (65%): Back-channel mediation by Beijing, most credible pathway</p> <p>UN Ceasefire (29%): Multilateral framework with Iranian withdrawal from closure</p> <p>US Naval Escort (6%): Multinational force to physically open passage</p>  <p><small>Q9: Path to Hormuz Reopening</small></p> <p><small>China back-channel diplomacy — 65% (133) UN ceasefire — 29% (59) US naval escort — 6% (12)</small></p>	<p>1–3 Months (53%): Prolonged but economically untenable for all parties</p> <p>< 30 Days (41%): De-escalation pressure forces quick resolution</p> <p>> 6 Months (6%): Structural geopolitical drivers resist resolution</p>  <p><small>Q10: Expected Conflict Duration</small></p> <p><small>1-3 months — economically untenable — 53% (96) Less than 30 days — de-escalation — 41% (77) More than 6 months — structural drivers — 6% (11)</small></p>
<p>Key Finding: A strong 65% majority identifies Chinese back-channel diplomacy as the most credible path to reopening Hormuz, a striking vote of confidence in Beijing's regional leverage over Washington's. Experts noted Pakistan should actively support China's mediation role and use its own diplomatic channels between Tehran and Riyadh. Iran has stated it will end the war on its own terms.</p>	<p>Key Finding: 94% of respondents expect the conflict to last under 3 months, with opinion split between a quick resolution under 30 days (41%) and a 1–3 month sustained disruption (53%). Experts struck a more cautious note, warning that Iran has no incentive to concede quickly, and structural drivers, Israeli hegemony objectives, Iran's strategic resolve, are not easily reversible. Planning should assume a sustained disruption.</p>
<p>Implications: Pakistan has a direct strategic interest in facilitating China's mediating role — and a unique diplomatic position to support it. As a country with close ties to both Beijing and Tehran, and with an established relationship with Saudi Arabia, Pakistan can serve as a constructive backchannel. Engaging actively in Hormuz diplomacy is not merely in Pakistan's interest; at this stage, it is a national economic imperative.</p>	<p>Implications: Even the more optimistic duration estimates — under 30 days — suggest Pakistan has, at most, a very narrow window before structural economic damage becomes irreversible. The government should plan for the 1–3 month scenario and build policy responses robust enough to withstand even longer disruption. Reactive policymaking after reserves are depleted will be far costlier than pre-emptive action taken now.</p>

KEY POLICY RECOMMENDATIONS | Expert Consensus

<p>1 Diversify Energy Sources Now 53% of respondents and all experts agree: Pakistan must immediately pursue alternative energy suppliers — Russia, Central Asia — and accelerate CPEC routes through Port Qasim. Gulf dependency is the core structural vulnerability.</p>	<p>2 Build Strategic Reserves Current 28–30 day reserves are critically inadequate. Increase storage capacity urgently. 88% of respondents expect a humanitarian crisis within 1–3 months if the situation persists.</p>	<p>3 Engage China as Mediator 65% believe Chinese back-channel diplomacy is the most credible path to Hormuz reopening. Pakistan should actively support and leverage Beijing's growing regional role.</p>
<p>4 Immediate Fiscal Response Create a contingency fund, halt non-essential imports, reactivate the Export Development Fund, and open dialogue with the IMF on programme adjustments before reserves are depleted.</p>	<p>5 Strengthen Naval Capability Experts unanimously called for expanding Pakistan Navy and maritime domain awareness. Pakistan must prepare for a maritime dimension to its security environment, not just land borders.</p>	<p>6 Stabilize Internally First A fractured state cannot navigate external crises. Addressing internal grievances, political stabilization, and economic resilience are prerequisites for effective foreign policy.</p>

TREND SUMMARY — CRITICAL INDICATORS AT A GLANCE

<p>Hormuz Severity 71% call it a systemic shock; 29% see managed disruption. Ship traffic down from 138 to 5–6/day. Experts: cataclysmic.</p>	<p>Economic Consequence 53% forecast global recession; 47% stagflation. Multilateral shock absorbers are broken. Asian economies most exposed.</p>	<p>Pakistan's Risk 59% flag fuel costs/FX as top risk. Double-digit inflation is imminent. IMF renegotiation required. 86% of oil is imported.</p>	<p>Resolution Pathway 65% back Chinese mediation. 94% expect <3 months duration — but experts caution structural drivers may prolong conflict.</p>
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