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GEOPOLITICAL DISRUPTIONS AND ECONOMIC VULNERABILITIES: IMPACT OF A POTENTIAL STRAIT OF HORMUZ BLOCKADE ON GLOBAL FINANCE AND AGRICULTURAL SUPPLY CHAINS

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Abstract
The Strait of Hormuz, which sees 20-21 million barrels of oil transported every day, is a key global trade channel. The research investigated the effects of a blockage of the Strait of Hormuz on the global economy and food supply chains. Adopting a qualitative, exploratory research methodology with an interpretivist theoretical framework, the study used purposive sampling to identify 23 key informants from the fields of economics, geopolitics, supply chain management, policymaking and academia. Information was collected via semi-structured interviews and document analysis of reports from the International Energy Agency (IEA), World Bank, Food and Agriculture Organization (FAO) and International Monetary Fund (IMF). Thematic analysis was used to discern emerging themes regarding financial vulnerability, food security, geopolitical mechanisms and responses, and strategies for coping. The results showed that a temporary blockade would cause oil prices to spike between 35-80%, trigger inflationary pressures for countries importing energy resources, and negatively impact food security for countries dependent on Middle East transit routes. Reserve oil supplies can only buffer for 60-90 days, highlighting the need for contingency preparation. In conclusion, the study recommends a range of policies including improved energy diversification, diplomatic multilateralism and agricultural buffer stock programs. These insights are relevant for emerging markets, such as South Asia, Sub-Saharan Africa and Southeast Asia, as they are directly affected by Hormuz-driven commodity markets.
Keywords: *Strait of Hormuz, geopolitical risks, global finance, food supply chains, energy security, oil price spike, food security, qualitative studies, chokepoint vulnerability, emerging markets*

1. Introduction

The Strait of Hormuz, a narrow sea passage separating Oman and Iran, has traditionally played a pivotal role in global energy markets. Stretching some 33 kilometers at its narrowest navigable point, this strait enables the passage of almost 20% of global oil consumption, while also handling more than 25% of world exports of liquefied natural gas (LNG) (Mokhtari & Taghizadeh, 2023). In a world increasingly shaped by geopolitical uncertainty, the geopolitical importance of this waterway has grown beyond its implications for the global energy economy to include concerns about global economic stability, the resilience of global food systems, and the sustainability of global supply chains.

The links between Middle East geopolitics and global commodity markets are well documented. The oil crises of 1973 and 1979 vividly illustrated the capacity of disruptions to critical energy chokepoints to destabilise economies thousands of kilometres away, spark price inflation around

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the world, and realign geo-political alliances (Hamilton, 2009). The current geopolitical landscape, with its growing tensions between Iran, the United States, Saudi Arabia and Israel, has spurred renewed interest in the impacts of a closing or blockaded Strait of Hormuz (Razavi & Moradi, 2024). The regular displays of Iranian intent to close the strait, such as in 2008, 2012 and again in 2019 during escalated nuclear negotiations, have highlighted the real nature of the threat.

The potential closure of the strait would have implications beyond energy markets, extending to agricultural commodity markets. Countries in the Middle East and North Africa (MENA) - such as Egypt, Yemen, Lebanon and Jordan - depend on maritime transport through or bordering the Persian Gulf to import staple cereals, fertilizers and processed food products (FAO, 2023). Consequently, a blockade would exacerbate energy price volatility with food security crises, leading to a humanitarian and economic crisis of significant proportions. The link between energy shocks and food system vulnerability remains an under-studied area in spite of its policy importance (Selby et al., 2022).

The impact of a Hormuz blockade would also be significant for financial markets, given their high vulnerability to geopolitical risks. These would all come under considerable stress, especially in oil-importing emerging economies for which the fiscal buffer is low (IMF, 2024). There are several channels through which a physical trade disruption would impact on financial markets, and these channels exhibit non-linear effects. However, scenario exercises and expert assessments can help to chart the landscape of potential economic effects.

This research adds to this growing body of research, and aims to offer an integrated, qualitative, assessment of the potential economic and agricultural impacts of a blockade in the Strait of Hormuz. The study is driven by three related observations. First, existing research mostly adopts quantitative or econometric modelling techniques that, though rigorous, often neglect the contextual, institutional and tacit dimensions of expert decision-making during crises. Second, the post-pandemic global economic environment, marked by high debt, supply chain disruptions and a high rate of inflation creates a highly sensitive environment in which a Hormuz crisis would play out (World Bank, 2023). Third, the energy transition and the speed of renewables uptake, while likely to lessen long-term Hormuz dependency, has yet to significantly reduce short-to-medium term vulnerability for most global economies (IEA, 2024).

The research has drawn on the perspectives of 23 purposively sampled key informants - including World Bank and IMF economists, geopolitical analysts from leading think-tanks, supply chain managers from multinational corporations, policymakers and academics - to provide a comprehensive multi-dimensional overview of the risks, vulnerabilities and mitigation strategies in the event of a Hormuz blockade. As such, the study speaks to three scholarly debates: geopolitics of energy security, vulnerability of global agricultural supply chains, and the political economy of financial crisis responses.

The article is structured as follows. Section 2 offers a review of the literature in the thematic areas of the research. Section 3 outlines methodological considerations, including sampling strategy, data collection and analysis. Section 4 outlines the main findings of the interviews and documents. Section 5 critically discuss the insights in relation to theory and policy debates. The paper concludes with policy implications for policymakers, international organisations and corporate risk managers in bolstering resilience against international institutions and corporate risk managers seeking to enhance resilience to Hormuz linked disruptions.

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The urgency of this inquiry is amplified by recents development .In 2024,escalating tension in the wider Persian Maritime security in the Gulf region, including Houthi drone strikes on vessels in the Red Sea, have already has caused trade disruptions and revealed the vulnerability of the global shipping system (Reuters, 2024). Although the Red Sea and Hormuz are separate strategic chokepoints, the interdependence of Gulf maritime infrastructure means that any disruption to one affects the operational decision-making of actors on the other. It is against this backdrop of interlocking geopolitical and economic challenges that this research has both current and long-term relevance.

2. Literature Review

2.1 The Strategic Significance of the Strait of Hormuz

The role of maritime choke points in global energy geopolitics has been widely studied. The Strait of Hormuz distinguishes itself from other strategic choke points - such as the Suez Canal, Strait of Malacca and Bab-el-Mandeb - due to the concentration and density of the energy resources passing through it (Moran & Russell, 2009). The strait has a daily throughput of 17-21 million barrels of crude oil and oil products, accounting for more than 30% of global seaborne oil trade and almost 25% of global LNG imports (Mokhtari & Taghizadeh, 2023). The physical geography and infrastructure of the transit corridor mean it is nearly indispensable in the short- to medium-term.

Past research on chokepoint vulnerability has underlined the skewed risks associated with Hormuz. While energy-exporting states in the Gulf are reliant on the strait for revenue, they have few alternative overland pipeline networks. The Abqaiq-Yanbu pipeline (Saudi Arabia) and the Habshan-Fujairah pipeline (United Arab Emirates) offer limited alternatives but together can only divert an estimated 6-7 million barrels per day away from Hormuz (Yetiv, 2011). This structural deficit highlights the vulnerability of exporters and importers alike to a prolonged blockade.

Razavi and Moradi (2024) contend that recent Iranian threats to the strait must be evaluated not just as tactical operations but structurally integral components of a larger deterrence calculus. Iran's capabilities to obstruct Hormuz navigation through naval mines, anti-ship missile deployments and non-symmetrical naval engagements have improved markedly over the last decade, presenting a challenge to Western deterrence strategies. The authors apply game theory to infer that Iran seeks strategic leverage from its ability to keep its threat posture and capability to implement a blockade ambiguous, thus securing diplomatic concessions while avoiding the economic and reputational damage of a closure.

The energy security literature has increasingly taken a systems approach in quantifying the risks of cascading effects from chokepoint disruptions (Yergin, 2020). This approach is especially pertinent for Hormuz, given the myriad contractual, logistical and financial linkages between Gulf energy sources and Asian, European and American consumers. Selby et al. (2022) expand this framework by introducing a climate-security nexus dynamic, suggesting that the accelerated pace of climate change will both fuel conflict over fossil fuels and also create a need for rapid transition towards alternative energy sources - thus creating a "vulnerability window" where economies dependent on Hormuz-derived oil are at greater risk despite the fact that the rationale for such dependency is disappearing into the future.

2.2 Contagion, Oil Prices and Financial Markets

The dynamics of oil prices and financial markets have been a central focus of energy economics since Hamilton (1983) first demonstrated strong empirical evidence of oil price shocks and

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recessions. More recent research has extended the understanding of the channels of transmission from energy price shocks to the financial markets. These include through cost-push inflation, monetary policy adjustments, consumer sentiment, and investment capital reallocation (Kilian, 2014).

In the event of a Hormuz blockade, market contagion would likely be multidimensional. Share prices in commodity-importing countries would be under pressure due to weakened company earnings prospects caused by higher input costs (IMF, 2024). Government bond markets in at-risk emerging markets - especially those with a large external debt burden in U.S. dollars and low foreign exchange reserves - would experience an increase in bond yield spreads, reflecting perceived increases in the probability of a sovereign debt crisis. Foreign exchange markets would be volatile with commodity-importing developing countries facing steep currency depreciations, exacerbating domestic inflation.

Insurance and shipping markets are another key channel. Shipping insurance costs for vessels in the Persian Gulf and nearby waters would sky high in the event of a blockade, as Lloyd's of London and other underwriters reassess risks. Stopford (2009) estimated that a 10% increase in shipping insurance premiums translates into 1.2% higher retail prices for commodity consumers. Under a complete blockade, shipping cost increases due to insurance premiums might cause some routes to become temporarily unviable, exacerbating supply constraints and price spikes.

The IMF (2024) has simulated multiple scenarios of Hormuz blockades of varying duration, finding that a 90-day full blockade would have a 1.5-2.0 percentage point impact on global GDP growth in the first year, with the largest effects in net-oil-importing emerging markets. The region would include South Asia (Pakistan, India, Bangladesh) due to its high energy imports, lack of petroleum stocks and tight fiscal stances. The financial spillovers from a Hormuz disruption would therefore have important distributional implications, possibly exacerbating global economic inequality.

2.3 Food Bowl Vulnerability and Food Security

The nexus between energy shocks and agricultural system vulnerability is an under-develop direction in the analysis of Hormuz risks. Agricultural supply chains are closely intertwined with energy systems in many ways: fuel prices for farm mechanization and irrigation, natural gas inputs for nitrogen fertilizer production, refrigerated shipping transport costs for perishable products, and energy-intensive grain processing and food manufacturing (FAO, 2023). As a result, Hormuz would inflict multiple impacts on agriculture through both supply chain impacts and energy price shocks.

The region's high levels of food imports put the MENA region at particular risk of Hormuz-induced agricultural shocks. The world's largest wheat importer, Egypt, draws much of its grain imports through sea lanes bordering the Persian Gulf. Yemen, Lebanon, Libya and various countries within the The Gulf Council (GCC) states are net importers of 60% to 90% of their energy needs, largely by sea (World Food Programme, 2023). Consequently, a potential maritime blockade through or around the Hormuz corridor would be translated almost instantaneously into food price increases and potential shortages across a region already plagued by food system vulnerabilities and low levels of national food security.

The agricultural supply chain is vulnerable through the fertilizer aspect. The Persian Gulf region, and in particular Qatar and Saudi Arabia, are major exporters of nitrogenous and phosphatic fertilizers. A blockade would affect not only the "foodbowls" of direct food supply, but also the "foodbowls" of agricultural input supply (Selby et al., 2022). The 2021-2022 global fertilizer

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crisis, partly triggered by the price spikes of natural gas following the Russian invasion of Ukraine, offers a glimpse of how energy-food connections can rapidly translate into food security crises and rural livelihood crises in the developing world.

According to World Bank (2023) estimates, a protracted Hormuz blockade could result in a 15-25% increase in global food price indices, with the greatest effects felt in low-income nations where food represents an inordinately large component of household spending. The political economy of food price shocks has been well documented in the aftermath of the 2007-2008 and 2010-2011 global food price spikes, which triggered social upheavals, rioting and political crises in several developing countries (Lagi et al., 2011). A food price spiral following a Hormuz disruption thus would have not only humanitarian but also geopolitical consequences.

2.4 Geopolitical Perspectives and Responses

Theoretical perspectives from international relations and security studies offer valuable insights into the geopolitics of a Hormuz blockade. Realist approaches, which draw on power transition and security dilemma literature, might view Hormuz threats as expressions of systemic competition between the United States-dominated liberal international order and Iranian revisionism (Mearsheimer, 2014). In this view, the positioning of the US Fifth Fleet in Bahrain and its naval posture in the Persian Gulf is a core deterrence structure aimed at preserving maritime freedom of the seas and preventing Iranian aggression.

Liberal institutionalist perspectives, on the other hand, highlight the potential for multilateral institutions, diplomacy, and collective security to play a role in managing the Hormuz risks. The diplomatic processes through which the 2015 Joint Comprehensive Plan of Action (JCPOA) was crafted and the economic penalties levied on Iran through subsequent sanctions packages highlight the potential and vulnerabilities of multilateralism as a means of managing Hormuz disruption risk (Parsi, 2017). The breakdown of the JCPOA as a result of U.S. withdrawal in 2018, and Iran's subsequent escalation of uranium enrichment, highlight the tenuous nature of diplomatic risk management.

Increasingly, the literature has emphasised the importance of multipolarity in Hormuz risk. The increasing energy security interdependencies between China and India with suppliers in the Persian Gulf, the strengthening of Saudi-China strategic relations codified in the 2023 China-brokered Saudi-Iranian rapprochement, and Russia's growing influence in the region, all imply that the geopolitical implications of Hormuz risk can no longer be reduced to U.S.-centred dynamics (Razavi & Moradi, 2024). Multipolarity introduces complexities to Western-based deterrence strategies, but also opens new opportunities for diplomatic multilateralism.

Yergin (2020) notes the increasing significance of strategic petroleum reserve (SPR) management through the International Energy Agency as a key tool for adjusting to supply shocks. Yet the IEA (2024) has noted that while SPR inventories are large, they would only offer a short-term (60-90 days) protection against a complete Hormuz closure, not the structural supply-demand imbalances that would result from a prolonged closure. This highlights the ongoing need for demand-side strategies such as energy efficiency, fuel switching and rapid deployment of renewable energy as supplements to supply-side emergency reserve systems.

3. Methodology

3.1 Research Design and Paradigm

The research design of this study is qualitative, exploratory and based on an interpretivist paradigm. This paradigm is well matched to the study of complex, socially constituted events in which meanings ascribed by human actors to events, risks and institutional responses lie at the

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heart of the phenomenon being studied (Denzin & Lincoln, 2018). A Strait of Hormuz blockade, as a scenario risk, is not easily quantified using quantitative modeling techniques; it demands the types of contextual, evaluative and experiential data that qualitative research is able to generate.

The exploratory design was selected in awareness of the lack of empirical data on blockade scenarios (they are by their nature low-probability/high-impact events) and the need to draw on expert judgement, scenario building exercises and interpretive synthesis to develop a holistic picture of the potential impacts. Exploratory qualitative designs are well accepted in the geopolitical risk literature as suitable research designs for crisis scenarios, given that experimental or longitudinal designs are not feasible or ethical options (Creswell & Poth, 2018).

3.2 Sampling Approach and Characteristics of the Sample

Purposive sampling was used to select and recruit participants with the particular expertise, institutional knowledge and industry experience that aligns with the research questions. The approach to purposive sampling described by Patton (2015) is focused on information-rich data rather than representativeness; it is the preferred sampling strategy for research designs that elicit expert information.

The sample included 23 participants from five different professional backgrounds: economists (n = 6), geopolitical analysts (n = 5), supply chain professionals (n = 5), policymakers (n = 4) and academics (n = 3). These experts were drawn from the World Bank, the International Monetary Fund, the RAND Corporation, global energy firms, government ministries from the Gulf Cooperation Council and South Asia, and US, UK and Arabian Gulf universities. Participants were recruited via institutional referrals, professional networks, and direct contact with known experts in the field. Data collection was conducted under the guidance of saturation, with thematic saturation achieved after the 21st interview and two more interviews conducted to ensure saturation.

Table 1. Key Economic Sectors at Risk from a Strait of Hormuz Blockade

Sector	Annual Trade Value (USD)	Dependency on Hormuz (%)	Risk Level
Crude Oil & LNG	$1.2 Trillion	30–35%	Critical
Refined Petroleum	$430 Billion	20–25%	High
Grains & Cereals	$210 Billion	12–18%	High
Fertilizers	$85 Billion	15–20%	Moderate–High
Shipping & Freight	$320 Billion	25–30%	Critical
Global Insurance	$60 Billion	10–15%	Moderate

Note. Trade value and dependency estimates are based on IEA (2024), World Bank (2023), and FAO (2023) data. Risk level classifications are derived from expert participant assessments.

Table 4. Participant Profile Summary

Category	Number of Participants	Institutional Affiliation	Years of Experience
Economists	6	World Bank, IMF, Academia	15–30 years
Geopolitical Analysts	5	Think Tanks, RAND Corporation	10–25 years
Supply Chain Experts	5	Multinational Corporations	12–22 years

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Policymakers	4	Government Ministries	8–20 years
Academics	3	Universities (US, UK, Gulf)	10–18 years
Total	23	Diverse International	Average: 17 years

Note. Institutional affiliations are representative and anonymized to preserve participant confidentiality per ethical research protocols.

3.3 Data Collection

The semi-structured and in-depth interviews with the participants to gather primary data were held in the period between January and April 2025. The interviews were done through secure videoconferencing software to address geographic spread of participants in three continents. The interviews took between 55 and 90 minutes and the average time was 68 minutes. The interview guide, which was established as a result of iterative pilot testing, included seven central thematic areas: (1) the perceived risk levels related to Hormuz disruption, (2) the financial market transmission mechanisms, (3) the vulnerability of the agricultural supply chain, (4) the geopolitical deterrence and response framework, (5) the institutional preparedness and strategic reserve sufficiency, (6) the adaptive strategies and resil The semi-structured format enabled the systematic coverage of the key themes and flexibility to investigate the emergent insights that were specific to the domains of expertise of individual participants.

The systematic analysis of documents was used to collect secondary data such as reports and publications of international organizations including IEA World Energy Outlook 2024, IMF World Economic Outlook 2024, World Bank Commodity Markets Outlook 2023, FAO State of Food Security and Nutrition 2023, and United Nations Conference on Trade and Development shipping reports. Brookings Institution, RAND Corporation and Gulf Research Center policy papers were also examined. Document analysis played a triangulation role, allowing cross validation of expert interview information with institutional data and published analysis.

3.4 Data Analysis

The data collected were subjected to Braun and Clarke (2006) six-phase thematic analysis model: (1) data familiarization with repeated reading of interview transcripts, (2) generation of initial codes, (3) theme searching and code collation into candidate themes, (4) theme review and refinement, (5) definition and naming of themes, and (6) report production. Participants were checked on the accuracy of the interview transcripts within five business days of the interview, and first codes were checked by an independent academic colleague with qualitative energy security research experience to reduce interpretive bias. The analytical process produced four major themes, namely, Financial Vulnerability, Agricultural Disruption, Geopolitical Response Mechanisms, and Adaptive Strategies, which are discussed further in the findings section below.

3.5 R reliability and Ethical considerations

The qualitative rigour framework of Lincoln and Guba, (1985) was modified to create trustworthiness based on four criteria. Methodological triangulation of interview and documentary data sources was used to attain credibility, and member checking whereby participants checked and verified their contributions that were summarized. Reliability was achieved by keeping a detailed audit trail that records all the methodological choices such as sampling rationale, interview guide revisions and analytic procedures. The issue of confirmability was considered by reflexive journaling that the research team kept during the investigation, recognizing and critically analyzing the possible effects of positionality. The

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transferability was also made easier by providing rich, contextually based accounts of the profiles of the participants, institutional settings and analytical results, which allowed the readers to evaluate the generalizability of results to their respective empirical settings.

The Institutional Review Board approved the study in terms of ethics before the start of data collection. Informed written consent was given by all participants and it was explicitly stated that the participants had the right to pull out at any point without any discrimination. Anonymity of the participants was ensured by using coded identifiers during data collection and analysis. Interview transcripts were kept on a set of encrypted and password-controlled servers accessible only to the research team and will be appropriately destroyed at the end of the project in line with institutional data management policies.

4. Analysis and Findings

4.1 Theme 1 Financial Vulnerability and Market Contagion

The most vocally expressed issue among the groups of participants was how Hormuz blockade would start an acute financial market contagion based on several, concurrently running transmission channels. IMF and World Bank affiliated economists stressed the non-linearity of the transmission of financial shocks in the modern global system where high asset market integration and algorithmic trading take the original price signals, and transform them into a series of market dislocations.

One clear theme amongst the economist and geopolitical analysts participants was the varying susceptibility of the emerging economies that imported energy as compared to the advanced industrialized countries. In a Hormuz blockade, countries that have limited foreign exchange reserves and high debt obligations on external debt service would experience a compounding crisis, currency depreciation, inflationary pressures, increasing import prices and possible outflow of capital would all occur at the same time and overwhelm the stabilising capacity of central bank intervention, as observed by one senior economist. The South Asian economies, especially Pakistan, Sri Lanka, and Bangladesh were recognized as being especially vulnerable due to their high energy import reliance, low SPR capacity, and already strained external financing positions.

The insurance and shipping industries became an unrecognized financial transmission instrument in the accounts of the participants. A number of supply chain practitioners explained that the threat of a blockade, although not actually closed, was credible enough to cause a rise in war risk premiums that would render Persian Gulf shipping temporarily unprofitable to operators that could not afford to take a hike in insurance rates. This would be a dynamic akin to those seen in the insurance market reactions in the 2019 Gulf of Oman tanker attacks and the 2024 Red Sea Houthi campaign to add physical supply disruption to financial market uncertainty in a manner that exaggerates the economic effect.

It was found that the energy-importing economy equity markets are especially sensitive to Hormuz disruption cues. The participants who had financial market experience said that current algorithmic trading would react in milliseconds to plausible blockade announcements, potentially setting off circuit-breakers across more than one exchange at once. The relationship between equity markets in different parts of the world due to exchange-traded funds, index-linked instruments, and cross-border portfolio investment implies that a localized geopolitical event can result in globally coordinated market dislocations. Table 2 provides scenario-based financial forecasts on the effect of blockade with different durations.The sovereign debt aspect of financial vulnerability was also mentioned by the participants. Countries with dollar-denominated bonds

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and large amounts of external debt liabilities would have high default risk in a Hormuz disruption event since the devaluation of currencies would undermine the servicing of debt, and at the same time, shrink the fiscal revenue base. Some of the policy makers involved in the process pointed out that facilities of International Monetary Fund emergency lending and World Bank crisis financing, though useful, are accompanied by conditionality conditions and disbursement deadlines, which might not be well matched to the speed of an ever-changing financial crisis.

Table 2. Projected Financial Impacts Under Blockade Scenarios

Scenario	**Short-Term (0–30 Days)**	**Medium-Term (1–6 Months)**	**Long-Term (6+ Months)**
Partial Blockade	Oil +35%; Markets −8%	Inflation +3–5%; GDP −1.2%	Trade realignment; new routes
Full Blockade	Oil +80%; Markets −18%	Recession risk; food crisis	Geopolitical restructuring
Extended Blockade (>90 Days)	Oil +120%; Panic selling	Global stagflation; debt crises	Energy transition acceleration

Note. Projections are based on expert participant assessments and IMF (2024) scenario modeling. Market impact estimates represent indicative ranges subject to significant uncertainty across diverse 4.2

Theme 2: Food security and agricultural Supply Chain Disruption

The second key thematic area was agricultural supply chain disruption, which represents an agreed-upon theme among those involved that the food security consequences of a Hormuz blockade have been systematically underestimated in the current policy literature. Professionals in the supply chain and scholarly members engaged in food systems highlighted the numerous channels in which the energy perturbation can be converted into agricultural system shocks, both in the form of the direct trade route perturbation and through the indirect increase in the input costs.

A dimension that, according to several respondents, is a highly delicate and undervalued vulnerability is the dimension of the supply of fertilizers. Qatar, Kuwait and Saudi Arabia are major exporters of nitrogen fertilizers and any interference in transit by sea through or around the Strait of Hormuz would instantly limit the supply of fertilizers to agricultural producers in South Asia, East Africa, and Southeast Asia. Interviews with agricultural sector professionals observed that the 2022 global fertilizer crisis (which also led to food production shortages and losses to farm incomes in several developing countries) served as a warning sign of how energy-agricultural nexuses can quickly become system-wides food system stressors.

Participants who were policy and humanitarian practitioners gave significant focus to MENA region food import dependency. Other countries such as Yemen, Lebanon, Libya, Jordan and Egypt get their caloric needs in large percentages by the sea routes that overlap Persian Gulf geography. A blockade situation would subject these already-weak food systems to compounding shocks: higher shipping prices, route breakdowns that would need other transportation paths of dramatically higher length and higher cost, and oil-price-induced developments in domestic food processing and food distribution costs would both squeeze food availability and affordability.

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Individuals with policymaking experiences highlighted the low adaptive potential of the food-importing countries in the MENA region to receive persistent supply shocks. The amount of strategic grain reserves in the region is mostly kept at a level that is adequate to buffer the domestic demand of 30-60 days in the event of extended disruption. The current humanitarian crisis in Yemen, already marked by extreme food insecurity fueled by conflict and economic collapse and disruption of logistics, was mentioned as a paradigmatic example of how cumulative vulnerabilities can easily turn into acute humanitarian emergencies. The blockade of Hormuz would threaten to escalate the current humanitarian crisis in Yemen into a disaster in a few weeks.

4.3 Theme 3: Geopolitical Response mechanisms.

The views of the participants regarding geopolitical mechanisms of response were an indication of an advanced comprehension of the complex interaction of military deterrence, diplomatic interactions, economic coercion, and multilateral institutional structures. This was especially forthcoming among geopolitical analysts and participants in policymaking who found the structural constraints of current deterrence structures and the insufficiency of the current diplomatic frameworks to handle tensions related to Hormuz.

A great deal of agreement was reached between players that military deterrence, though a necessary element, is not sufficient as a response strategy on its own to manage the risk posed by Hormuz. The presence of the U.S. Fifth Fleet in Bahrain and larger-scale naval presence in the Persian Gulf send a plausible deterrence message against complete closure scenarios, participants added, but Iranian asymmetric naval systems, such as fast attack craft, anti-ship ballistic missiles, naval mines, and swarms of drones, complicate the calculations of deterrence in ways that conventional naval superiority cannot entirely address. A number of the participants in geopolitical analyst discussions highlighted the danger of a dynamic of escalation where a tactical military event in the strait leads to inadvertent escalation to larger regional war.

Diplomatic engagement was always determined as the more sustainable, albeit more complicated, channel of reduction of Hormuz risk. The participants cited the Saudi-Iranian diplomatic rapprochement that China facilitated in 2023 as a major move with bearing on the stability of Hormuz and explaining that the less bilateral tensions there are between the two main powers of the region, the less likely the possibility of proxy-conflict dynamics that would trigger pretexts of Iranian closure of the strait. Participants however warned that the longevity of this rapprochement is questionable, especially with the current tensions surrounding Yemen, Lebanon and Palestine issues.

The new multipolar configuration of Persian Gulf geopolitics was defined as a confounding factor and a prospective opportunity towards Hormuz risk management. The increasing energy interdependencies of China and India on the suppliers of the Gulf produce stakeholder politics where the major power of the world other than the Western alliance has a great interest in ensuring Hormuz is free to navigate. Some respondents indicated that the rise in diplomatic influence of China in the Gulf, coupled with its significant economic leverage over Iran, could offer a valuable supplementary lever of deterrence and mediation to similar efforts by the West.

4.4 Theme 4: Adaptive Strategies and Resilience Mechanisms

The fourth thematic cluster concerned the variety of the adaptive strategies and resilience mechanisms that could be adopted by economies, corporations and international institutions, in case of Hormuz disruption. Participants described a multi-layered concept of resilience that

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includes instant crisis-response processes, medium-term structural changes, or long-term systemic change.

The coordination of strategic petroleum reserves using the International Energy Agency framework was shown to be the most urgent and operationally sound response mechanism to cope with the first stage of a blockade-driven supply crisis. But there was a general concern among the participants that they were over-relying on SPR mechanisms, and that the current reserve levels were constrained by 60-90 days and that the politics of co-ordinating simultaneous strategic reserve releases in the IEA member states were complicated. The non-IEA significant consumers such as China and India which together constitute a large proportion of the total world oil demand were seen as the crucial gaps in the emergency framework of world oil reserves coordination.

Corporate supply chain participants expressed a variety of short-term adaptive reactions that the company with the Gulf-linked supply chain would undertake in the case of the blockade. These are route diversification by the Cape of Good Hope transit (to increase transit time by 714 days), inventory accumulation before expected disruption, and contractual flexibility mechanisms that enable quick switching of suppliers, and demand-side substitution where both technically and economically viable. Some respondents indicated that the post-COVID supply chain crisis already motivated large multinational corporations to invest heavily in supply chain diversification and resiliency, which would partially cushion the disruption effect compared to the vulnerable condition before the pandemic.global economic conditions.

Table 3. Thematic Findings Summary: Key Themes, Sub-Themes, and Expert Insights

Theme	**Sub-Themes**	**Key Findings**
Financial Vulnerability	Oil price shocks; currency instability	Participants highlighted cascading financial risks: energy-importing nations face immediate currency depreciation and inflationary spirals.
Agricultural Disruption	Supply chain fractures; food security	MENA-dependent food importers, particularly in South Asia and Sub-Saharan Africa, face acute food insecurity within 30–60 days of disruption.
Geopolitical Response	Military deterrence; diplomatic channels	Expert consensus indicates multilateral diplomatic engagement is more sustainable than unilateral military escalation in restoring transit.
Adaptive Mechanisms	Energy diversification; strategic reserves	Strategic petroleum reserves (SPRs) provide only 60–90 days of buffer; long-term resilience requires structural energy diversification.

Note. Summary of thematic findings derived from semi-structured interview analysis conducted with 23 key informants. Key findings represent synthesized perspectives across participant categories rather than direct quotations.

Participants highlighted structural long-term adaptations such as accelerated investments in energy transition, alternative infrastructure for oil transportation (including more intensive use of the Saudi East-West pipeline and UAE's Fujairah bypass), multilateral fertilizer stockpiles

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(similar to oil reserves), and improved agricultural buffer stock arrangements under the framework of the Food and Agriculture Organization of the United Nations (FAO). Academic perspectives from energy economists pointed to the paradoxical role of the Hormuz vulnerability and the energy transition: while the accelerated deployment of renewables will reduce vulnerability to the risks of hydrocarbon chokepoints in the long term, the energy transition will be a period of sustained and potentially increased vulnerability due to the capital- and time-intensive nature of energy system change.

5. Discussion

This study's findings depict a picture of compound, cascading vulnerability in which a blockade of the Strait of Hormuz would not only represent an isolated energy supply shock, but a systemic shock that would reverberate across financial, food, and geopolitical dimensions. The compound nature of the vulnerability - incorporating both oil price escalation, financial market contagion, food system impacts and geopolitical tensions - represents a step-up in the complexity of risk from the oil shocks of the past and requires holistic policy recommendations.

The study's findings resonate with and build on theoretical findings in a number of ways. The establishment of the presence of non-linear financial contagion effects find an echo in complexity theory approaches to systemic financial risk (IMF, 2024). The recognition of the role of fertilizer supply chains as a key vulnerability pathway for agriculture contributes to research on energy-food linkage dynamics. The recognition of multipolar geopolitical dynamics as both complicating and potentially enhancing Hormuz risk management approaches adds to the debate on the geopolitical consequences of global power shift.

A key policy implication of the study relates to the distributional aspect of Hormuz geopolitical vulnerability. The vulnerability of emerging economies - especially in South Asia, Sub-Saharan Africa and the MENA region - to the financial and food security implications of a blockade highlights the limitations of risk management approaches tailored to the needs and capabilities of advanced industrial economies. A global response framework for Hormuz vulnerability must therefore include solid mechanisms for providing assistance to vulnerable developing countries, including emergency financial assistance, food aid, and capacity building assistance.

6. Conclusion and Recommendations

This research has offered an in-depth, qualitative analysis of the possible consequences of a blockade in the Strait of Hormuz on global financial and agricultural supply chains. Through the perspective of 23 key informants and a documentary review of related international institutional reports, the study has shown the impacts of a Hormuz blockade would be integrated, cascading and have greater impact on developing economies with low adaptive capacity.

The study has four main recommendations. First, international institutions - especially the IEA, IMF, World Bank, and FAO - need to establish interdisciplinary, integrated contingency response plans that take into account the simultaneous effects on financial and food security of Hormuz disruptions, rather than viewing them as isolated sectoral issues. Second, the strategic petroleum reserve coordination mechanism should be broadened to include non-IEA major consumers (especially China and India) to reflect the multipolar nature of current global energy consumption. Third, an international fertilizer emergency reserve, coordinated by FAO, should be created to address agricultural supply chain disruption in the event of an energy chokepoint crisis. Fourth, strategic risk reduction should favour multilateral approaches, including working with China as a new diplomatic player in the Gulf, rather than sole focus on Western-led deterrence measures.

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This study has limitations. The qualitative nature of the study, while effective for tapping into expert insights and contextual dynamics, lacks the quantitative rigour of econometric models. The purposive sample, while well targeted for expertise, cannot be statistically generalized. Future studies should combine expert knowledge with quantitative scenario analysis to produce more holistic risk assessments that can inform policy options. Moreover, given the dynamic state of Gulf geopolitics, the assessment should be repeated as geopolitical issues evolve.

To sum up, the Strait of Hormuz continues to be one of the world's most critical geographical choke points. The multiple vulnerabilities identified in this research - in energy, financial, agricultural and geopolitical systems - require prompt, holistic and cross-border policy responses. The price of preparedness is far less than the price of unpreparedness in light of this important, albeit unlikely, risk.

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