From ultimatum to indulgence – the anxiety deepens

3 MONTHS AGO
Phar Kim Beng

Share

> *The uncertainty from Trump's flip is forcing markets to react to an expanding horizon of danger and swings in oil prices, making conditions even more destabilising.*

PHAR KIM BENG

Phar Kim Beng is Professor of ASEAN Studies and Director of IINTAS-IIUM.

What was once framed as a 48-hour ultimatum is now stretching into a five-day window of uncertainty.

Rather than ease tensions, the extension has deepened them.

Time, in this case, is not calming the situation. It is amplifying risk.

The original demand was stark. Reopen the Strait of Hormuz or face strikes. It was meant to force a quick resolution.

But geopolitics rarely obeys deadlines.

Instead, the additional days have created a prolonged state of suspense.

Potentially, there is contempt from Iran since Tehran insists no one is talking to the Trump administration. The situation has descended into a case of he-said-she-said.

Markets are no longer reacting to a single deadline, but to an expanding horizon of danger. This is far more destabilising.

Oil prices are not just rising – they are swinging. Traders are pricing in multiple scenarios at once: compliance, limited strikes, or full escalation.

Uncertainty has become the dominant force.

Iran, for its part, has not backed down. It continues to maintain a position of selective access.

The strait is open – but not fully. This ambiguity is strategic. It avoids outright closure while still exerting pressure.

Yet it also increases the risk of miscalculation.

A vessel denied passage, a naval escort misread, or a warning shot misinterpreted – any of these could trigger a rapid escalation.

The longer this grey zone persists, the higher the probability of an incident.

The US now faces a dilemma.

Act too quickly, and it risks igniting a broader war.

Wait too long, and the credibility of its ultimatum weakens.

This is the paradox of coercive diplomacy. The more it relies on time pressure, the more dangerous delay becomes.

Meanwhile, the economic consequences are beginning to cascade.

Fuel prices are rising, but the impact does not stop there.

Fertilisers, heavily dependent on natural gas, are becoming more expensive. This feeds directly into agriculture.

Animal feed costs are climbing as supply chains tighten. Food prices, inevitably, will follow. This is how a geopolitical crisis becomes a global inflationary shock.

For Malaysia, the picture is mixed.

As an energy exporter, higher prices offer short-term gains. Revenues improve. The ringgit strengthens.

But Malaysia also needs the fertilisers at an affordable price to keep its agricultural products competitive too. That's not happening.

Similarly, food imports become costlier. Inflation spreads across the economy. The benefit quickly turns into strain.

Across Asean, the same pattern holds. No country is insulated from a prolonged disruption in the Strait of Hormuz.

The extension from 48 hours to five days therefore marks a critical shift. It is no longer a countdown to decision.

It is a widening window of instability.

Three outcomes remain possible.

A diplomatic breakthrough could still emerge, restoring access and calming markets.

Military exchanges could occur, prolonging volatility without full-scale war, which Al Jazeera has reported anyway, soon after Donald Trump declared the new five-day deadline. The bombing of Iran, especially Tehran, went on and on.

Invariably, the situation could spiral, drawing in regional actors and severely disrupting global trade.

The danger lies in how easily the second scenario can slide into the third.

Asean must, therefore, remain vigilant.

Preparation, coordination, and diplomacy are essential to make the voice of Asean and East Asia – comprised of China, Japan, and South Korea – count.

Malaysia, in particular, must confront this dire situation with caution. While member states of GCC would like Iran to stop its attacks against them, Iran is not obliged to listen when it is still under attack, even as GCC affirms that it is not coordinating with the US and Israel to launch any attacks against Iran.

The Strait of Hormuz is no longer just a chokepoint for energy. It is a tipping point. It is now a test of whether the global system can manage crisis without tipping into chaos.

The extension of time has not reduced the stakes.

It has raised them.

The views expressed are those of the writer and do not necessarily reflect those of FMT.