



West Asia conflict triggers tsunami of price increases

3 MONTHS AGO

Phar Kim Beng

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The impact of costlier fertilisers, animal feed and fuel will be felt at the dining table.



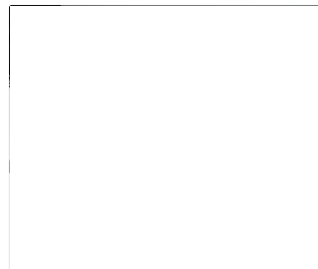
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The war in West Asia no longer stays in West Asia. Now that the conflict has spilled into the energy arteries of the Gulf – especially the Strait of Hormuz – the shockwaves will move at devastating speed across the global economy.

📺 Military

Australia, China, the whole of Asean are already feeling the impact. The UK will face the brunt of an economic meltdown soon.



No matter how calm Southeast Asians may feel, or how warmly they can smile, the fact of the matter is, through no fault of theirs, all member states have to live with the effect of this war, which the Gulf Cooperation Council (GCC) calls “the Situation”.

While Trump has indicated that he may leave Hormuz, and even the North Atlantic Treaty Organisation (Nato), his threat to bomb the energy facilities of Iran by April 6 still hangs over the Islamic Republic.

But Iran is willing and committed to meet this threat by retaliating against the energy facilities of the GCC. That is when the GCC will probably have to encourage their main strategic partner, the US, and the junior partner of the US to retaliate with total fury.

What began as a military confrontation between the US and Israel on one side, and Iran on the other on Feb 28 has quickly mutated into an economic tsunami, driving up the prices of fuel, fertilisers, animal feed, and ultimately food itself. [Economics](#)

This is not a theoretical risk. It is already unfolding.

The Strait of Hormuz is not merely a narrow maritime corridor. It is the world's most critical energy chokepoint, through which roughly one-fifth of global oil supply and a significant portion of liquefied natural gas pass daily.

Any disruption – whether through direct attacks, mining operations, or insurance-driven shipping hesitations – immediately constrains supply and sends prices upward.

But the true danger lies in the cascading effects.

Fuel is the first domino. When oil prices surge, transportation costs rise across land, sea, and air. Shipping companies increase freight rates, airlines raise fares, and the cost of logistics rises.

For trade-dependent regions such as Asean, where supply chains stretch across oceans, this translates into immediate inflationary pressure.

The second domino is fertilisers.

Modern agriculture is deeply dependent on energy-intensive inputs such as ammonia, urea, and phosphate – all of which rely heavily on natural gas and petroleum derivatives.

A spike in energy prices raises the cost of producing these fertilisers, while disruptions in Gulf exports constrain supply further. The result is a sharp increase in global fertiliser prices.

This is where the crisis deepens.

Farmers facing higher fertiliser costs are forced into difficult choices: reduce usage, absorb losses, or pass on costs. In many developing economies, reduced fertiliser application leads directly to lower crop yields. Over time, this tightens global food supply, pushing prices upward.

The third domino is animal feed.

Livestock production depends heavily on grains such as corn and soy, which themselves are sensitive to fertiliser costs and energy inputs.

As fertiliser prices rise and crop yields fall, the cost of animal feed increases. This feeds into higher prices for poultry, beef, dairy, and eggs – staples of daily consumption across Southeast Asia.

Thus, what begins as a conflict in distant waters ultimately arrives at the dinner table.

The compounding effect is what transforms a regional war

Fuel inflation drives up logistics costs; fertiliser inflation reduces agricultural productivity; feed inflation raises the cost of protein; and together, they create a sustained surge in food prices.

This is the anatomy of a price tsunami.

For Malaysia and Asean, the implications are profound.

Malaysia may not yet be in a state of emergency. Its reserves remain adequate, and its institutional capacity is intact. But to assume insulation from these global forces would be dangerously complacent.

As a trading state deeply integrated into global supply chains, Malaysia is highly exposed to external  price shocks.

The region is already showing signs of strain.

The Philippines, as Asean Chair, has moved toward emergency measures in response to energy pressures. Other Southeast Asian  economies – particularly those with weaker fiscal buffers – are likely to face even greater challenges.

The risk is not a sudden collapse, but a prolonged squeeze.

Subsidies will come under increasing pressure. Malaysia's fuel subsidy bill, already rising sharply, could escalate further if oil  prices remain elevated.

Food inflation may accelerate, disproportionately affecting lower-income households. Fertiliser and feed costs could strain the agricultural sector, with long-term implications for food security.

This is not a short-term disruption. It is a structural shock that could last years, not months.

What, then, is to be done?

First, Malaysia must adopt a crisis mindset without declaring a crisis. A calibrated, Covid-like response – targeted, flexible, and economically focused – may be necessary.

This includes measures to reduce fuel consumption, encourage energy efficiency, and expand support for vulnerable sectors, particularly small and medium enterprises.

Second, the government must rethink subsidies. Blanket subsidies are fiscally unsustainable in a prolonged crisis.

Targeted assistance, combined with behavioral incentives – such as reduced fuel quotas, carpooling, and expanded public transport usage – can help manage demand without overwhelming public finances.

Third, Asean must act collectively.

The region cannot afford fragmented responses. Greater coordination on energy procurement, food security, and supply chain resilience is essential. The Asean Power Grid, long discussed but slow to materialise, must be accelerated.

Joint ventures in agriculture and fertilisers can help stabilise supply and reduce vulnerability to external shocks.

Fourth, diplomacy remains indispensable.

The longer the war in West Asia continues, the greater the economic damage. Asean, along with medium size powers such as Turkey, Saudi Arabia, and Pakistan, must support all avenues for de-escalation.

The cost of war is no longer confined to the battlefield; it is borne by households across the world.

Finally, Malaysia must prepare for a five-year horizon.

Energy infrastructure damaged in conflict zones cannot be repaired overnight.

Supply chains disrupted today may take years to normalise. Policymaking must therefore shift from short-term crisis management to long-term resilience building.

The lesson is clear.

In an interconnected world, war is no longer geographically contained.

A missile strike in the Gulf can translate into higher food prices in Kuala Lumpur, Jakarta, and Manila within weeks. The distance between conflict and consumption has collapsed.

This is why the metaphor of a tsunami is not an exaggeration.

Like a tsunami, the initial shock may be distant and barely visible. But as it travels across the global system, it gathers force – until it crashes with overwhelming impact on economies and societies far removed from the original epicentre.

The war in West Asia is not just a geopolitical crisis. It is an economic one.

And unless it is contained, the world must brace for waves of inflation that will reshape livelihoods, strain governments, and test the resilience of nations across Asean and beyond.

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

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