



Trump gambling with lifeblood of world economy

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Phar Kim Beng

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US president's intended blockade of the Strait of Hormuz will yield serious consequences – for allies and enemies alike.

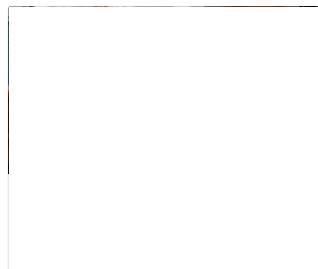


PHAR KIM BENG

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

The geopolitics of oil has always been defined by paradox. At moments of maximum pressure, states often oscillate between coercion and concession.

The decision by the US in March to grant a temporary licence for Iran to offload oil sitting idle in tankers – reportedly up to 140 million barrels – was one such concession.



It was a pragmatic move, designed not to reward Tehran, but to stabilise global crude prices amid intensifying volatility.

Yet, this fleeting window of flexibility now risks being overtaken by a far more confrontational strategy: blockade of the Strait of Hormuz under president Donald Trump's latest instruction.

And when enforced, such a move would effectively negate the very relief that Washington had only recently permitted.

The contradiction is stark, but it reflects a deeper strategic recalibration – one that prioritises maximum pressure on Iran to yield completely over global market stability.

Even Trump has admitted that high prices of crude could go well into the mid term Congressional elections in the US. That's between now and November 2026.

The world is looking at serious brinkmanship based on counter checking Iranian crude.

To be sure, the US has imposed sanctions on Iranian oil exports with varying degrees of intensity over the last few decades.

The withdrawal from the nuclear agreement in 2018 marked a decisive escalation, aimed at driving Iran's oil exports to near zero.

However, global energy markets rarely conform neatly with geopolitical intentions.

Workarounds emerged. Iranian crude continued to find its way to major buyers, particularly China and India, often through opaque shipping practices and intermediary channels.

The March 2026 decision to temporarily relax restrictions acknowledged this reality. Allowing Iran to release 140 million barrels of crude into the market was not merely an economic gesture – it was a strategic safety valve by the US.

With Brent prices under upward pressure due to the war in West Asia, additional supply was essential to prevent a full-blown energy shock.

In effect, Washington tacitly admitted that completely removing Iranian oil from the market was neither feasible nor desirable under prevailing conditions in March 2026.

However, a blockade of the Strait of Hormuz now would represent a dramatic departure from this calibrated approach.

Unlike sanctions, which operate through financial and legal mechanisms, a maritime blockade is immediate and physical; especially after the failed 21-hour talks in Islamabad where Iran was known to have brought in 300 officials with the US flying in another 70.

The failure to talk with any concrete purpose would disrupt not only Iranian exports but also the broader flow of energy through one of the world's most critical chokepoints.

Approximately one-fifth of global oil passes through the Strait of Hormuz. Yet Iranian crude bound for China and India constitutes a significant portion of this flow.

By interdicting vessels suspected of carrying Iranian oil, the US would effectively sever Tehran's most vital economic lifeline. But in doing so, it would also risk triggering a cascade of unintended consequences.

First, the distinction between Iranian and non-Iranian cargo is not always clear-cut. Tankers often engage in ship-to-ship transfers, reflagging, and other practices that blur the origin of crude.

A blockade could therefore ensnare vessels carrying oil from other producers, amplifying uncertainty and raising insurance premiums across the board.

Second, China and India – both heavily dependent on imported energy – would be directly affected.

For China, Iranian oil represents a discounted and strategically valuable supply. For India, it provides diversification in an increasingly tight market.

A disruption of these flows would not only strain their energy security but also complicate their broader geopolitical relations with Washington.

Third, the release of 140 million barrels of Iranian oil, intended to ease global price pressures, would be rendered moot. Iran has no one to sell to since its oil is now unable to reach the shores of others.

Markets would respond not to the presence of additional supply, but to the heightened risk of disruption.

Prices will now spike well beyond the thresholds that policymakers in Washington had hoped to avoid.

This raises a fundamental question: is the objective to stabilise markets or to maximise pressure on Iran? The two goals are increasingly incompatible.

The temporary licence granted in March suggested that the US was willing to tolerate a degree of Iranian exports in order to maintain global economic stability.

Now that talks in Islamabad have failed, a blockade of the Strait of Hormuz would signal the opposite – that strategic coercion has taken precedence, regardless of the economic fallout.

For Southeast Asia, including Malaysia, the implications are profound. The region is acutely vulnerable to energy shocks emanating from the Gulf.

Higher oil prices translate into increased costs for transportation, manufacturing, and food production.

The ripple effects extend to fertilisers, animal feed, and even semiconductor industries reliant on inputs disrupted by maritime instability.

In this context, Asean cannot afford to remain a passive observer.

The evolving situation underscores the need for a more proactive approach to energy security, including diversification of supply, strategic stockpiling, and enhanced regional cooperation. It also reinforces the importance of diplomatic engagement.

A conflict that disrupts the Strait of Hormuz is not a distant problem – it is a systemic shock with immediate consequences for Southeast Asia.

Ultimately the tension between sanctions relief and maritime blockade reflects a broader dilemma in US foreign policy.

The pursuit of maximum pressure on Iran may yield short-term tactical gains, but it risks undermining the stability of the very system that the US seeks to uphold.

The Strait of Hormuz is not merely a geographic passage. It is the artery of the global energy system.

To block it is to gamble with the lifeblood of the world economy. And in such a gamble, there are no guaranteed winners – only varying degrees of loss.

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

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