Publishing
Intelligence
Consultancy

MAY 11th, 2026

MONDAY MORNING QUARTERBACK

ENERGY MARKETS CEO BRIEFING NOTE

"The Iran War May Not End Globalization But It Has Ended the Age of Just in Time Delivery"

Publishing Intelligence Consultancy

MONDAY MORNING QUARTERBACK

ENERGY MARKETS CEO BRIEFING NOTE – May 11th

"The Iran War May Not End Globalization But It Has Ended the Age of Just in Time Delivery"

By Sean Evers, Managing Partner, Gulf Intelligence

From Maximum Efficiency to Maximum Resilience

The lasting legacy of the Iran war may not ultimately be measured in missile strikes, naval deployments, or oil price spikes. Instead, it may be remembered as the crisis that exposed the fragility of the modern global economy and accelerated the end of the just in time era that has defined globalization for more than three decades.

For years, the global economy was optimized for efficiency. Companies minimized inventories, concentrated production in low cost regions, relied on uninterrupted shipping routes, and built supply chains designed to deliver goods precisely when needed. The model worked remarkably well during an era of relative geopolitical stability and open trade.

But the Strait of Hormuz crisis shattered the assumption that globalization's critical arteries would always remain open.

Across the Gulf Intelligence and Daily Energy Markets discussions, a striking consensus emerged among economists, traders, shipping executives, strategists, and policymakers. The Iran war fundamentally altered the psychology of globalization itself. The new priority is no longer maximum efficiency. It is resilience.

The scale of disruption inside Hormuz demonstrates how quickly the old model can break down. One of the world's largest shipping companies revealed that several vessels became stranded on the wrong side of the Gulf, unable to safely enter or leave the region. The company refused to move ships without direct military protection and stated that normal commercial operations were no longer viable under existing security conditions.

The same shipping operator disclosed that six vessels remained trapped inside the Gulf, including US flagged and Danish flagged ships, while entire logistics networks had to be redesigned almost overnight. Cargo destined for Gulf markets was rerouted through ports on the Arabian Sea and then transported inland through land bridge connections into Saudi Arabia, Bahrain, Kuwait, Qatar, and the wider Gulf region. The company acknowledged that the traditional maritime routes through Hormuz could no longer be relied upon.

The economic implications are enormous. The same company warned that the war is generating an additional half billion dollars in operating costs every month due to higher fuel prices, rerouting expenses, insurance costs, delays, and broader market dislocations. Those costs are now being passed directly to customers because absorbing them internally has become unsustainable.

This is the clearest evidence yet that the global economy is moving from just in time to just in case.

Strategic stockpiling, once viewed as expensive and inefficient, is rapidly becoming standard practice. Countries are increasing reserves of oil, food, semiconductors, industrial metals, and refined fuels, while companies are diversifying suppliers, building inventory buffers, and regionalizing production networks.

In many ways, the current crisis echoes the oil shocks of the 1970s. One of the most important outcomes of that period was the creation of the International Energy Agency and the requirement that OECD countries maintain emergency oil reserves equivalent to at least 90 days of net oil imports. The objective was straightforward: never again allow a geopolitical energy shock to paralyze industrial economies.

The Iran war is now reviving that same mindset, not just for oil, but for entire supply chains.

Manufacturers in Asia, among the world's most supply chain dependent economies, have been among the fastest to adapt. Taiwanese companies have expanded inventories and strengthened stockpiling strategies in direct response to fears over geopolitical disruption. Businesses that once prioritized lean operations are now prioritizing survivability.

The war reinforced a harsh lesson first exposed during the pandemic. Efficiency without redundancy creates systemic vulnerability.

What was once considered financially irrational, holding excess inventory, maintaining duplicate suppliers, or localizing production, is increasingly seen as essential insurance against geopolitical shocks. The transformation extends far beyond warehouses and logistics and represents a deeper philosophical reversal in the global economy.

For decades, globalization rewarded concentration. The cheapest manufacturing hub won, the fastest route dominated, and the leanest balance sheet was celebrated. Today those same characteristics increasingly appear dangerous.

This is not a temporary wartime adjustment. It is the early architecture of a new global economy.

The Fragmentation of Globalization Has Already Begun

The Iran war is accelerating a trend that was already quietly underway: the fragmentation of globalization into geopolitical and regional blocs.

For years, rising tensions between the United States and China had already pushed companies toward diversification strategies outside traditional manufacturing centers. The Hormuz crisis added energy insecurity and maritime chokepoint vulnerability to the equation.

Increasingly, corporations are no longer asking where production is cheapest. They are asking where production is safest.

That subtle change may redefine global trade for decades.

The emergence of regional manufacturing ecosystems, domestic resilience frameworks, and friendshoring strategies reflects a broader shift away from deeply integrated globalization. The consequences are profound. The highly interconnected global system that dominated the post Cold War era depended on the assumption that trade routes would remain open, geopolitical tensions manageable, and efficiency the supreme economic value.

The Iran war weakened all three assumptions simultaneously.

The result is likely to be a more fragmented and expensive global economy.

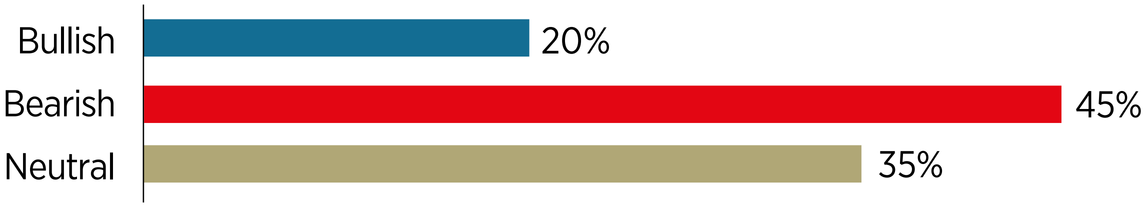
Resilience comes at a cost. Maintaining larger inventories ties up capital. Diversifying suppliers reduces efficiency. Regionalizing manufacturing increases production expenses. Shipping reroutes add time and fuel costs, while insurance premiums and security spending continue to rise.

The financial consequences are already materializing across multiple industries.

Shipping companies are redesigning global trade routes. Airlines are warning of fuel shortages and rising jet fuel prices. Refiners are struggling with disrupted crude flows and product shortages. Asian economies are beginning to adjust industrial output and energy consumption patterns in response to supply uncertainty.

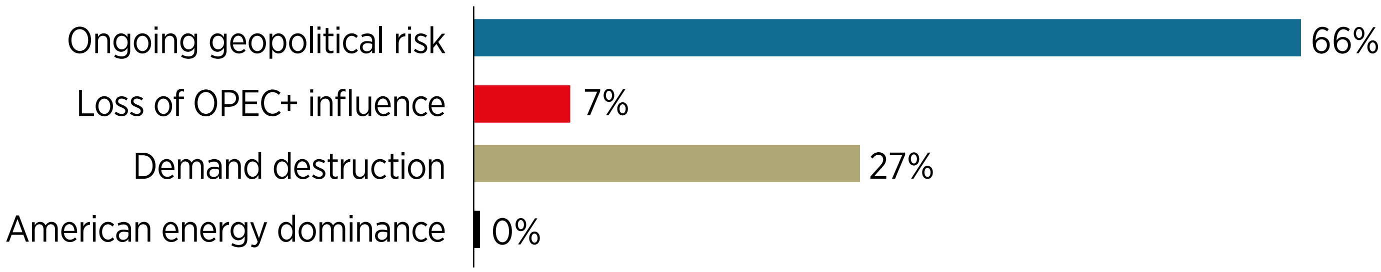
The shipping industry alone offers a powerful illustration of how geopolitical risk is reshaping commerce. One major operator confirmed that it would only consider future Hormuz crossings under direct naval protection and military escort. In practical terms, one of the world's largest commercial shipping networks now considers ordinary market conditions insufficient to guarantee safe passage through one of the world's most important trade arteries.

How will Trump – Xi Jingping summit impact oil markets?



How will China ignoring U.S. sanctions on Iranian oil reshape global crude flows?

For the rest of 2026, the determining factor in deciding the price of crude will be:



(*nb. Polling conducted May 4th-7th with 100+ Energy Market Stakeholders)

The old assumption that globalization could function independently of geopolitics is breaking down.

Higher prices, slower growth, and structurally persistent inflation may become defining characteristics of the post Hormuz world. The age of frictionless globalization appears to be ending not because countries are abandoning trade altogether, but because they no longer trust the stability of the system underpinning it.

One economist involved in the discussions argued that this process represents the exact opposite of globalization. Another warned that it would reduce the efficiency of the international division of labor and ultimately shrink the long term growth potential of the global economy.

The implications extend well beyond energy markets.

The same vulnerabilities now apply to semiconductors, pharmaceuticals, industrial metals, food systems, and strategic technologies. Governments increasingly view concentrated supply chains not as economic advantages, but as national security risks.

This explains why the language of globalization is changing. Terms such as friendshoring, strategic autonomy, economic resilience, and domestic capability are now replacing the earlier vocabulary of maximum efficiency and open integration.

The world is not deglobalizing completely. But globalization is becoming more regionalized, more political, and more security driven.

Asia and the Middle East Sit at the Center of the New Economic Order

Asia sits at the center of this transformation. The region remains the most exposed to Middle Eastern energy disruption, particularly India, China, Taiwan, South Korea, and Southeast Asia. But it is also adapting the fastest.

Asian economies are aggressively expanding strategic reserves, diversifying energy sources, and building alternative manufacturing footprints. Supply chain diversification strategies reflect a growing recognition that geopolitical resilience now matters as much as economic competitiveness.

India offers a particularly revealing example. As one of the fastest growing oil consuming economies in the world, India remains heavily dependent on Gulf crude because of geography, shipping economics, and refinery configurations. Oil from the Gulf can reach India in roughly four days, while cargoes from the Americas can require voyages lasting close to two months.

That reality explains why many Asian policymakers increasingly view energy security and supply chain security as inseparable.

Taiwan presents another example. Already under pressure from rising tensions with China, Taiwanese companies are actively pursuing what executives describe as non China and non Taiwan supply chains. Production capacity is increasingly being moved into Southeast Asia and North America to reduce geopolitical concentration risk.

At the same time, governments are becoming more interventionist.

Fuel subsidies, industrial policy, strategic storage mandates, and supply chain oversight are returning to the center of economic policymaking. Economic security is increasingly being treated as an extension of national security.

The irony is striking. Globalization was originally supposed to reduce geopolitical risk by integrating economies so deeply that conflict became irrational. Instead, the Iran war revealed how geopolitical instability can now cascade instantly through tightly interconnected systems.

The Middle East itself is also changing.

Gulf states are increasingly pursuing strategic autonomy, diversifying partnerships, and expanding domestic industrial capabilities. Shipping disruptions and energy insecurity have accelerated regional discussions about logistics resilience, land bridge infrastructure, refinery capacity, and alternative export routes.

The war is also reshaping perceptions of state power. The fact that major commercial shipping operations now depend on direct naval protection demonstrates how deeply geopolitics has returned to the center of global commerce.

This does not mean globalization disappears. Trade will continue, global supply chains will survive, and international commerce will remain essential.

But globalization is evolving into something fundamentally different. It is becoming less seamless, less efficient, more regionalized, more security driven, and more politically fragmented.

The age of hyper globalization built on maximum efficiency and minimal redundancy is giving way to an era defined by resilience, strategic autonomy, and geopolitical risk management.

The Iran war did not create that shift, but it may have dramatically accelerated it.

And that may prove to be its most enduring legacy.■

GI

Publishing
Intelligence
Consultancy