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MONDAY MORNING QUARTERBACK

ENERGY MARKETS CEO BRIEFING NOTE

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“From Hormuz to Luzon, the U.S. Tightens Strait Chokepoints on China during 30-Day Summit Countdown!”

US pressure points across global shipping lanes are reshaping access to critical commodities ahead of a pivotal summit in Beijing

By Sean Evers, Managing Partner, Gulf Intelligence

You cannot look at the friction emerging in the Strait of Hormuz in isolation. The disruption there is not an accident, not some unexpected byproduct of the War on Iran -- *oh my goodness I never thought they would do that* -- but it is clearly a major knot in a longer US strategic belt to choke China’s access to critical commodities and reset the geostrategic chessboard ahead of the first summit of Donald Trump’s second term with Xi Jinping.

What is unfolding is not a series of disconnected events, but the systematic weaponization of global shipping lanes and vulnerable chokepoints. From the Caribbean to Central America, from the Red Sea to the Gulf, and now into the Pacific, control over access has become the central instrument of power. Right now, as you read this article, the US military is leading its largest ever Balikatan exercises in the northern Philippines, rehearsing how to deny Beijing’s access through the Luzon Strait, China’s most critical gateway to the Pacific Ocean. In this new era, power is no longer defined by what flows, but by who controls the routes through which it moves.

“While the World Watches Hormuz, Washington Quietly Prepares a Chokehold on China’s Access to the Pacific Ocean via the Luzon Strait”

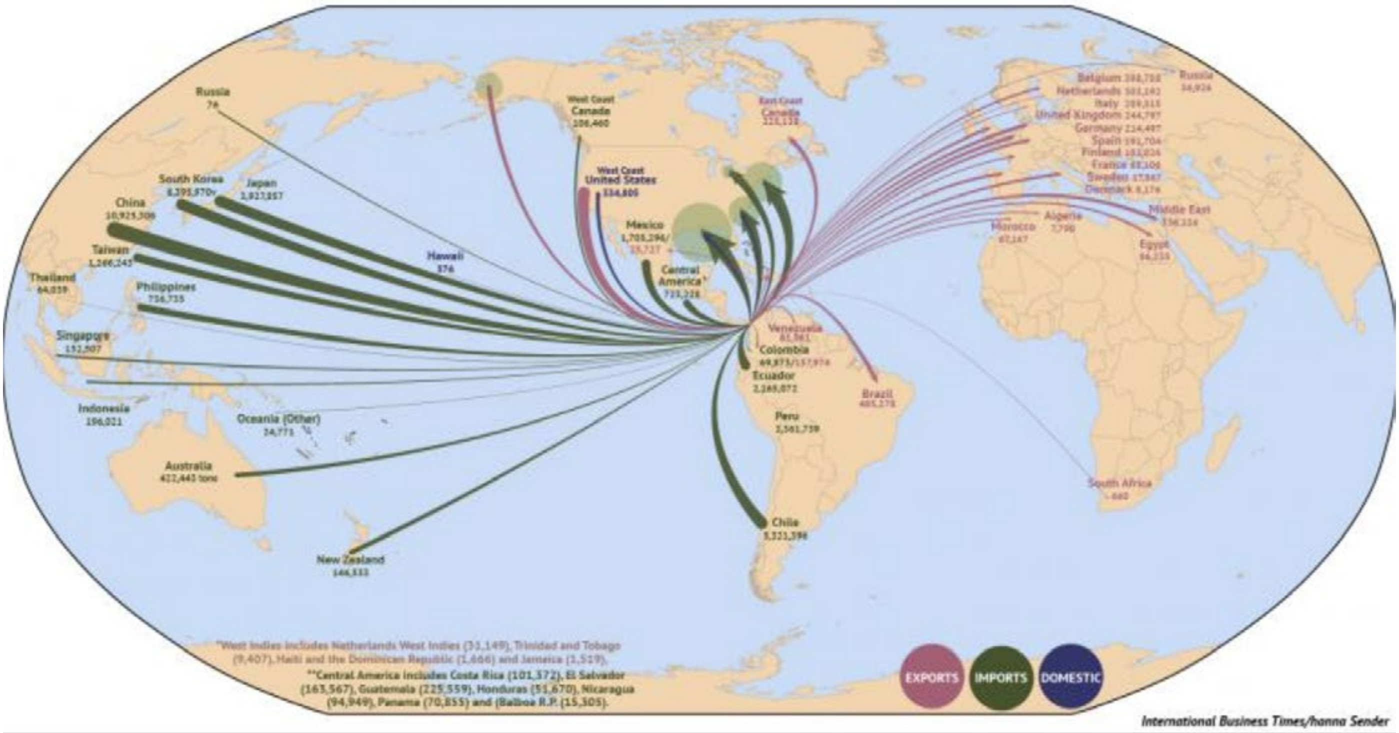
What is taking shape is not a collection of isolated moves. It is a map being redrawn.

The shift began with the quiet abandonment of the 2025 “Liberation Day” tariff war. Having escalated tariffs on Chinese goods to punitive levels without forcing structural concessions, Washington pivoted from economic pressure to physical control. The first decisive move came in January in Venezuela, where US intervention reshaped the country’s oil export system and redirected flows away from China. Beijing had been importing between 470,000 and over 600,000 barrels per day of Venezuelan crude, much of it heavy grades essential for its independent refiners. Within weeks, shipments collapsed, in some cases falling by more than two thirds, as cargoes were halted, rerouted or seized.

This was not simply about volume. Venezuelan heavy crude is not easily substitutable. Its removal forced Chinese refiners to pivot toward alternative supplies, tightening dependence on other politically exposed flows. The Caribbean, once peripheral to great power competition, became the first arena in which energy supply chains were directly reshaped through physical intervention.

The next front opened at one of the world’s most strategic maritime arteries. In early 2026, Panama moved to

U.S. TRADE ROUTED THROUGH THE PANAMA CANAL



cancel the concessions of CK Hutchison Holdings at the Balboa and Cristobal ports on either side of the Panama Canal, effectively removing Chinese operational control from critical nodes of global trade. The canal carries roughly 5% of global maritime commerce and serves as a hinge between Atlantic and Pacific supply chains. The removal of Chinese linked operators marked a shift from influencing flows to influencing infrastructure itself.

From there, the pressure moved eastward into the energy arteries of the Middle East. In the Strait of Hormuz, on April 13, the US enforced a de facto blockade on Iranian oil exports, sharply curtailing flows to China just one month before the two leaders are due to meet, flows that

"What began as a tariff war has evolved into something far more consequential: the weaponization of the world's most critical shipping lanes."

had previously formed one of Beijing's most important sources of discounted crude. Before the escalation, China had been absorbing well over one million barrels per day of Iranian exports through a network of independent refiners and shadow fleet logistics. The latest sanctions

"The Luzon Strait is not just a waterway. It is the gateway that determines whether China can access the Pacific or remain geographically contained."

campaign has extended beyond vessels to include a major Chinese refinery and dozens of shipping companies, targeting the entire chain that sustains these flows.

This is where financial power reinforces physical control. Sanctioned entities are being cut off from the dollar system, effectively excluding them from global trade finance. Chinese refiners and traders now face a binary choice between access to energy and access to markets. The pressure is cumulative. First Venezuela. Then Iran. Two of China's most important discounted supply channels constrained within a matter of months.

At the same time, the US and its allies have reinforced naval patrols along another critical chokepoint, the Bab El-Mandeb at the entrance to the Red Sea. This corridor has become increasingly important as Gulf producers, particularly Saudi Arabia, seek to bypass the Strait of Hormuz through pipelines feeding into Red Sea export terminals. The Bab El Mandeb now carries a growing

Strait of Hormuz will not 'reopen' before Trump-Xi Summit in mid-May?

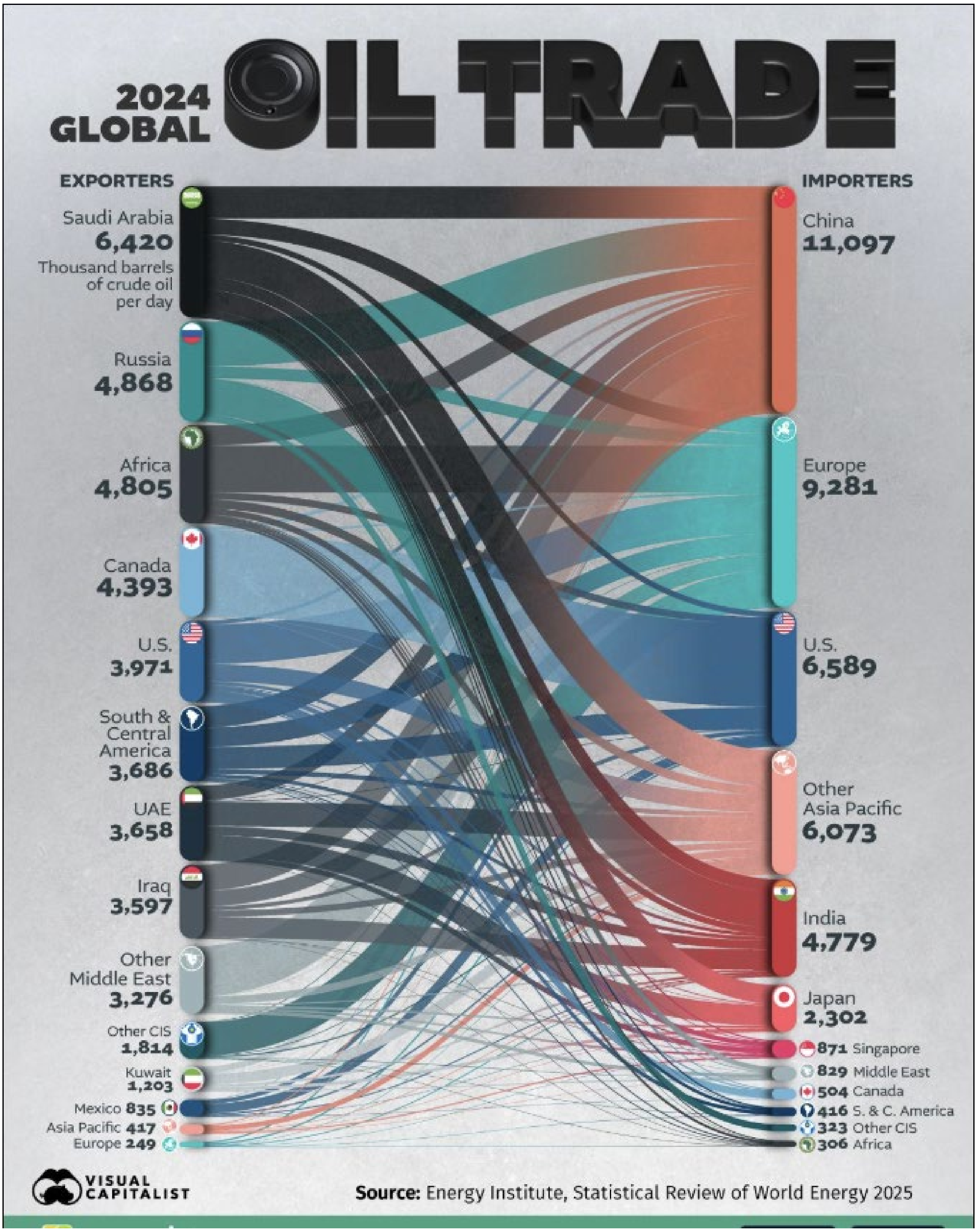
*(*nb. Polling conducted April 23rd with 100+ Energy Market Stakeholders)*

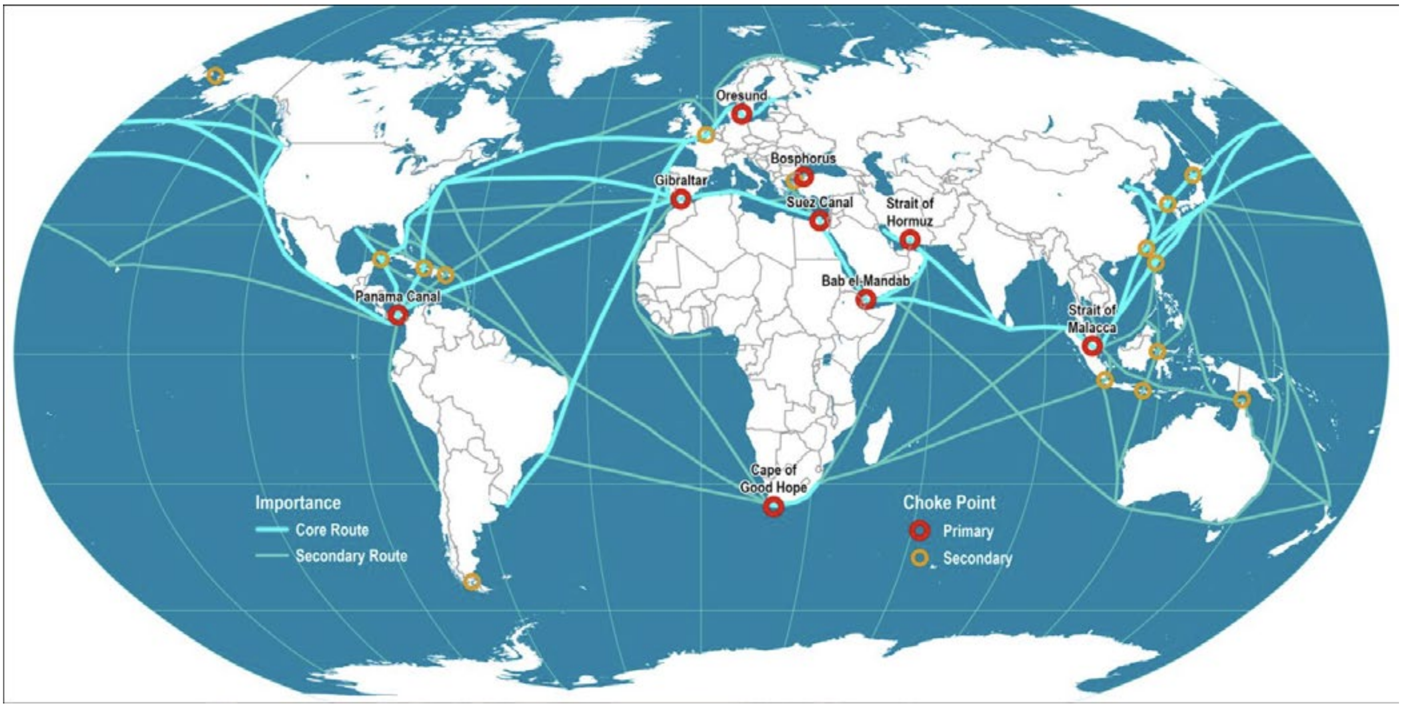
"The question is no longer whether supply can flow, but who controls the routes through which it moves."

share of oil flows destined for Asia. Its exposure to military presence and regional instability introduces a further layer of vulnerability into China's energy supply chain. The same waterway carries China's $600 billion in exports, from cars to solar panels, to Europe via the Suez Canal, owned and operated by the Egyptian government, which receives close to $2 billion annually in U.S. military aid.

If the Gulf represents the entry point of China's energy vulnerability, the Pacific represents its strategic exit. This weekend, the largest ever Balikatan military exercises began in the northern Philippines, bringing together more than 17,000 troops in live fire drills, maritime strike simulations and real-world combat scenarios focused directly on the waters between Taiwan and Luzon.

What makes this moment historically significant is not just scale, but alignment. For the first time since the end of the Second World War, Japan's Ground Self Defense Force has deployed onto Philippine soil, marking a





structural shift in regional security architecture. The exercises now reflect a multi-actor coalition centered on control of critical maritime corridors.

The geographic focus leaves little ambiguity. Northern Luzon sits directly opposite the Luzon Strait, the narrow gateway connecting the South China Sea to the open Pacific. This is China's principal maritime exit point. It is where its navy must pass to reach the wider ocean, and where a significant share of its trade and energy flows transit.

The Luzon Strait is not a single passage but a layered network of channels. Together they form one of the most critical chokepoints in the global system. The broader South China Sea carries an estimated $5.3 trillion of trade annually, roughly a quarter of global maritime commerce.

China's dependence is structural. The country imports more than ten million barrels of crude per day, with roughly half originating from the Middle East. It is also the world's largest importer of iron ore, much of it from Australia, with two-way trade exceeding A$300 billion annually. These flows rely on uninterrupted maritime access through Southeast Asian straits and through gateways such as Luzon to reach northern Chinese industrial hubs.

What makes the Luzon Strait uniquely strategic is its depth. At nearly 2,600 meters, it is one of the few passages that allows Chinese nuclear submarines and the largest bulk carriers to transit freely into the Pacific.

The US is now positioning itself to influence that outcome. Anti-ship missile systems and mobile launch platforms deployed in northern Luzon are designed to create a credible sea denial capability. In practical terms, it is the ability to cork the gateway.

China's response has been immediate. Naval drills and hydrographic surveys indicate a sustained effort to prepare for contested access. The contest is no longer theoretical. It is operational and geographic.

A System Built on Access, Now Subject to Control

Across these theatres, a single pattern emerges. The US is not confronting China directly. It is shaping the environment through which China's economy operates. Energy inputs constrained in the Caribbean and the Gulf. Infrastructure influence reduced in Central America. Alternative supply routes exposed in the Red Sea. Strategic exit points contested in the Pacific.

This is not containment in the traditional sense. It is control of access.

The implications are structural. China's economic model depends on uninterrupted maritime flows of energy, raw materials and manufactured goods. While Beijing has invested heavily in resilience, it remains dependent on sea lanes that it does not control. Each chokepoint represents a potential pressure point. Together, they form an interconnected system of vulnerability.

For the US, the advantage lies in flexibility. Pressure can be applied incrementally across multiple geographies without direct conflict. The result is a form of leverage that is both scalable and persistent.

As the thirty-day countdown to the Trump Xi summit continues, this architecture is already shaping the landscape in which any agreement will be reached. The meeting will not be defined solely by diplomacy. It will be framed by geography.

From Venezuela to Panama, from Hormuz to the Bab El Mandeb, and now to Luzon, the world's most critical chokepoints are being repositioned as instruments of strategy. The global economy is entering a phase where access itself is negotiated. The question is no longer whether supply can flow, but who controls the routes through which it moves. In this new era, power will not be measured by who produces the world's resources, but by who controls the routes through which they flow. ■

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