

The Transformation of the International Order Driven by Natural Resources (Part I) – From Oil Shocks to the Hormuz Strait Crisis

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Introduction: When Oil Shapes the International Order

Throughout the 20th and 21st centuries, the factor that has most profoundly shaken the international order has not always been military power or ideology, but often “natural resources”. Among them, oil has served as the lifeblood of industrial civilization, sustaining national economies, militaries, and diplomacy, and determining the trajectory of global hegemony. When Britain’s Royal Navy shifted from coal to oil in the 1910s, when the United States secured Middle Eastern oil in the 1940s, and when the Soviet Union built a vast resource bloc during the Cold War, oil acted as a catalyst for structural change in the international system.

The most symbolic turning point was the 1973 Oil Shock. Oil was used as a “weapon” for the first time, plunging the global economy into unprecedented turmoil. Half a century later, the 2026 Hormuz Strait crisis has once again exposed the fragility of Asia’s energy security and revealed the persistent vulnerability of the global oil order.

This paper traces the historical continuity from the Oil Shock to the Hormuz Strait crisis, analyzes how oil has shaped the international order, and examines the future of global energy geopolitics and the challenges facing Japan.

How the Oil Shock Shook the Global Economy

The Day Oil Became a Weapon (1973)

On Oct. 6, 1973, the Jewish holy day of Yom Kippur, Egypt and Syria launched a surprise attack on Israel. The Fourth Arab–Israeli War had begun. When the US immediately moved to support Israel, Arab oil-producing countries made a historic decision: to use oil as a

political weapon.

On Oct. 17, 1973, the Organization of Arab Petroleum Exporting Countries (OAPEC) halted oil exports to the US and the Netherlands. Crude oil prices surged from about US\$ 3 per barrel to US\$ 12 per barrel, a fourfold increase within just a few months – an unprecedented shock in the postwar era.

This was not merely a numerical spike. For industrialized nations that had built their growth on cheap Middle Eastern oil, it was as if the foundation of their economies had suddenly collapsed. Gasoline lines stretched across American cities, toilet paper disappeared from Japanese stores, and fuel shortages forced factories in Europe to shut down. The simultaneous surge in energy prices and economic stagnation plunged the world into a new crisis: stagflation.

Japan’s energy structure at the time illustrates the severity of the shock. In 1973, Japan’s energy self-sufficiency rate was only about 7%, crude oil import dependence was about 93%, and dependence on Middle Eastern oil reached 85–90%. Japan’s prosperity rested on a single, fragile artery delivering crude oil from the Middle East. If that artery were severed, the nation’s vast industrial civilization would fall silent. Blast furnaces would be extinguished, trains would stop, city lights would flicker out, and society would sink into darkness. The fear felt by Japan’s leadership was not merely economic – it was the realization that the nation’s life-support system could be removed at any moment (*Table 1*).

In response, Japan enacted the Oil Stockpiling Act in 1975, establishing a national petroleum reserve system. Japan accelerated the development of energy-saving technologies and transformed itself into one of the world’s most energy-efficient nations. The Oil Shock demonstrated that oil was not merely a resource but a strategic weapon capable of determining national destiny.

TABLE 1

Crude oil price trends during major oil crises (1973-1990)

Year / Event	Initial Price (US\$/bbl)	Peak Price (US\$/bbl)	Percentage Increase
1973 First Oil Shock	3	12	+300%
1979 Second Oil Shock	15	35–39	+150%
1990 Gulf War	17	41	+140%

Note: Prices represent benchmark crude values in nominal US\$. Peak values reflect short-term market spikes during each crisis.
Source: BP Statistical Review of World Energy; US Energy Information Administration (EIA); OPEC Annual Statistical Bulletin

The Transformation of the Oil Order After the Cold War

After the Oil Shock, oil geopolitics evolved in tandem with the Cold War structure. The Iranian Revolution (1979), the Iran–Iraq War (1980–1988), and the Gulf War (1990–1991) repeatedly turned the Middle East into the epicenter of global supply instability. During the Gulf War, crude oil prices nearly doubled, reaffirming oil’s role as a destabilizing force in international politics.

In the 21st century, China’s rise triggered an explosive increase in Asian oil demand. China’s oil consumption grew from 4.7 million barrels per day in 2000 to 14 million bpd in 2020, fundamentally reshaping global markets. Meanwhile, the US shale revolution of the 2010s propelled the US back to the position of the world’s largest oil producer. The emergence of the “OPEC+” framework, led by Saudi Arabia and Russia, meant that oil prices were increasingly influenced by coordinated actions between Middle Eastern and Russian producers.

Oil geopolitics thus shifted from a Middle East–centric structure to a multipolar system involving the US, Russia, and Asia. The fragility of this complex oil order would be dramatically exposed during the 2026 Hormuz Strait crisis.

Strait of Hormuz Crisis & Shockwaves Across Global Energy Order

In February 2026, the Strait of Hormuz abruptly revealed its true nature as the most vulnerable artery of the global economy. After years of simmering tension, the confrontation between the US and

Iran crossed a critical threshold, triggering military clashes around the strait. The Islamic Revolutionary Guard Corps (IRGC) laid multiple naval mines at the mouth of the strait, while fast attack craft approached tankers under the cover of night and unmanned aerial vehicles monitored US naval vessels. Floating mines drifted across the surface, making tanker navigation virtually impossible. The US Navy immediately launched mine-clearing operations. Each night, as minesweepers advanced through the strait, oil slicks and the wreckage of damaged commercial vessels testified to the severity of the crisis. Helicopter-borne sonar systems detected mines one after another, heightening tension. The strait entered the worst possible condition: “technically open, but effectively closed”.

With roughly 20% of global seaborne crude oil and 30% of LNG passing through this narrow waterway, its paralysis instantly plunged the world into a new phase of severe supply disruption. The global oil market – having already endured the first oil shock in 1973, the second in 1979, the supply crisis triggered by the Gulf War in 1990, and the energy turmoil following the 2022 Ukraine crisis – is now entering yet another period of acute instability due to the ongoing Iran–Hormuz Strait crisis.

Oil prices surged immediately. Brent crude jumped from \$72 to \$95 in early March, and WTI climbed above \$92 during the same period. In the ensuing turmoil, Brent reached \$124.68 in mid-April, while in the physical market prices spiked to \$144 in mid-March. In London’s insurance market, war-risk premiums for tankers soared to more than ten times their usual levels, forcing shipping companies to suspend operations. The strait was, in effect, sealed.

Unlike past crises, the 2026 shock did not remain confined to crude oil. LNG, naphtha, and petrochemical feedstocks were all

TABLE 2

Price & maritime logistics trends during the 2026 Hormuz Strait crisis

Indicator	Pre-Crisis Level	Immediate Aftermath	Crisis Peak
Brent Crude (US\$/bbl)	72	95	124.68 (market) / 144 (physical)
WTI Crude (US\$/bbl)	~70	92.30	~118
Strait Traffic (ships/day)	100–135	~55	—
Supply Disruption (million bbl/day)	—	20	—
Strategic Reserve Release (million bbl)	—	—	400

Note: “Physical market” refers to real cargo transactions outside futures markets. Maritime traffic figures represent average daily vessel counts through the Hormuz Strait.

Source: International Energy Agency (IEA); US Energy Information Administration (EIA); Lloyd’s List Intelligence (shipping data); ICE/NYMEX market price data

disrupted simultaneously. Spot LNG prices in Asia exceeded \$100/MMBtu – surpassing even the peak of Europe’s 2022 energy crisis. Naphtha prices doubled from around \$1,200 per ton to \$2,300. Petrochemical products such as polyethylene, polypropylene, ethylene, propylene, and PTA rose by 30% to 70%, severely affecting Asian manufacturing. Semiconductor production faced delays due to shortages of critical chemicals, and the cost structure of electronics, automotive components, and packaging materials deteriorated sharply.

Japan was hit particularly hard. With 90% of its crude oil and 20% of its LNG imported from the Middle East, the country was exposed to the full force of the shock. Between March and May 2026, Japan’s consumer price index rose 4.8% year-on-year. Gasoline prices increased by 35%, kerosene by 40%, electricity bills by 28%, and plastic products by 22%. Rising packaging costs pushed food prices up by 12%, while semiconductor-related cost increases drove electronics prices up by 15%. Logistics costs surged due to higher fuel prices, squeezing corporate profits across industries.

Within a week of the strait’s closure, Japan’s combined national and private oil reserves fell from the equivalent of 230 days of consumption to an effective 180 days. The government began considering its first emergency release of national reserves since 2011. The Japan Organization for Metals and Energy Security (JOGMEC) initiated emergency procurement of US WTI crude, Australian condensate, and spot LNG from Southeast Asia. At the same time, Japan quietly increased imports of Russia’s ESPO crude. By March 2026, ESPO imports had risen 65% year-on-year, revealing a new vulnerability: growing dependence on Russian oil.

Across Asia, countries scrambled to secure non-Middle Eastern supplies. India increased its share of Russian crude imports from 10% in 2021 to 48% in 2026. China elevated Russia to its top supplier with a 22% share. Thailand tripled its imports of Russian crude, while South Korea and Taiwan expanded indirect or rerouted imports despite sanctions constraints. Russia, leveraging the ESPO pipeline and the Northern Sea Route, boosted its oil revenues by 18% year-on-year despite sanctions. The crisis accelerated a structural shift: Asia’s energy dependence began to move from “Middle East-centric” to a dual reliance on the Middle East and Russia.

The global economy also suffered. The IMF estimated in April 2026 that a prolonged crisis could reduce global GDP by 1.2% to 1.8%. The OECD projected global inflation to rise by 2.5% to 3%. The world faced the specter of supply-shock-driven stagflation. In early July 2026, the Islamic Revolutionary Guard Corps (IRGC) once

again attacked an oil tanker, and from July 7 to July 10 a series of exchanges with the US unfolded. The US Department of Defense and US Central Command condemned Iran’s attacks on three commercial vessels in the Strait of Hormuz as a serious violation of the ceasefire agreement and announced additional military measures. President Donald Trump ordered new strikes against Iran, causing tensions in the area to flare up once again.

Although the US Navy strengthened its vigilance around the Strait, the ceasefire remains only at the stage of a “principle agreement”, with formal signatures still postponed. Iran continues to insist on “managed passage”, while the US maintains its naval blockade, leaving the Strait in an abnormal state of dual blockade. Shipping traffic has fallen to less than 10% of peacetime levels, and the embers of conflict have not been extinguished; they continue to smolder, with the possibility of renewed escalation impossible to dismiss.

Since 2026, the Strait of Hormuz has increasingly become entrenched as a “structural risk” that continues to shake the foundations of the global energy order.

The Future of the Global Oil Order

The 2026 crisis marked a turning point in the evolution of the global oil order. Unlike past shocks, which were largely regional in origin, the latest crisis emerged from the intersection of multiple geopolitical fault lines. The Middle East’s chronic instability, Russia’s assertive resource diplomacy, the shifting supply dynamics of the US, Asia’s expanding demand, and the rise of mineral-resource geopolitics under decarbonization all converged to create a new, multi-layered energy landscape.

The Middle East remains structurally unstable. Iran continues its nuclear development and asymmetric maritime tactics. Saudi Arabia’s Vision 2030 aims to reduce oil dependence, yet roughly 70% of its fiscal revenues still come from hydrocarbons. Regional tensions involving Israel, Yemen, and non-state actors persist, extending instability beyond the Gulf into the Red Sea and Arabian Sea. The Strait of Hormuz will remain a global choke point for the foreseeable future.

Russia’s role has expanded. Under sanctions, Moscow has redirected its energy exports toward Asia, using oil and gas as strategic levers. India and China have become major buyers of discounted Russian crude, while Southeast Asian nations have increased imports to secure price advantages. The ESPO pipeline and Arctic shipping routes have strengthened Russia’s position. The

global oil order is no longer Middle East-centric; it is increasingly dual-centered, with Russia as a major pillar.

The US, once a stabilizing force through its shale revolution, now faces uncertainties. Declining well productivity, rising extraction costs, and stricter environmental regulations cast doubt on the sustainability of US supply. The world must now account for US supply volatility as an additional risk factor.

Asia's demand continues to grow. China, India, and Southeast Asia have become the world's largest energy-consuming region. Their energy security is inseparable from global market stability. The 2026 crisis exposed Asia's vulnerability and underscored the need for diversified supply, expanded reserves, and regional cooperation.

Decarbonization introduces new geopolitical risks. While oil demand may peak in the 2030s, renewable energy expansion requires vast quantities of minerals such as rare earths, copper, nickel, and cobalt – resources concentrated in a handful of countries. Hydrogen, ammonia, and CCUS technologies also entail new supply-chain constraints. The world is transitioning from oil geopolitics to mineral geopolitics, but the underlying vulnerabilities remain.

Japan faces the challenge of navigating this multi-layered energy landscape. Diversification, strategic investment in new energy technologies, and regional diplomatic engagement are essential. Yet Japan's energy security cannot be achieved in isolation; it must be embedded within Asia's broader energy architecture.

The future global oil order will be defined not by a single region or resource, but by the interplay of multiple actors and technologies. The 2026 crisis signaled the beginning of this new era.

Conclusion: The Continuity of Crisis & the “Next Reality”

The 2026 Strait of Hormuz crisis was not merely another supply shock. It was the reappearance of a historical pattern – one that has shaped global politics and economics for half a century. The world has repeatedly learned that energy insecurity is not an anomaly but a structural condition of modern civilization.

The crisis demonstrated that energy disruptions are no longer confined to specific regions. A single maritime incident in the Middle East can destabilize manufacturing in Asia, raise inflation in Europe, and trigger fuel shortages in Africa. The simultaneous disruption of crude oil, LNG, naphtha, and petrochemical feedstocks revealed the fragility of global supply chains. The world was reminded that when energy stops, civilization stops.

The crisis also exposed the shifting dynamics of global energy

flows. Russia's increased oil revenues – despite sanctions – highlighted how geopolitical shocks can reorder global trade patterns. Asia's growing reliance on Russian crude signaled a structural shift toward a multi-centered energy order. The world now faces a dual vulnerability: dependence on traditional fossil fuels and emerging dependence on critical minerals required for decarbonization.

The July 7 tanker attack underscored the persistence of instability. The provisional ceasefire between Iran and the US remains fragile, with no formal agreement in sight. The Strait of Hormuz continues to operate under a dual blockade, and the risk of renewed escalation is ever-present. The crisis has not ended; it has merely entered a new phase.

Asia, now the world's largest energy-consuming region, faces profound challenges. Its economic growth depends on stable energy supplies, yet its dependence on imported hydrocarbons exposes it to global shocks. Europe, navigating decarbonization, remains vulnerable to supply disruptions. Emerging economies in Africa and the Middle East face heightened social risks from fuel shortages and price volatility. The world confronts a “double instability”: the insecurity of fossil fuel supply and the uncertainties of energy transition.

Japan, too, must adapt. While diversification and technological investment are essential, Japan's energy security cannot be achieved alone. It must be integrated into a broader regional and global framework. The 2026 crisis serves as a warning that the next disruption may come sooner than expected – and from an unexpected direction.

Energy security is not a matter of price; it is a matter of survival. The world must prepare for the next reality: an era in which energy shocks are not exceptions but recurring features of the international system. The lessons of 2026 must be internalized, not only by Japan but by all nations that depend on stable energy flows. The future global order will be shaped by those who understand this reality and act accordingly.

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