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Global Jitters rise as Iran threatens to close Key Oil chokepoint

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The world is on edge amid rising speculation that Iran may retaliate against recent U.S. strikes by shutting the Strait of Hormuz through which nearly 20% of global oil and gas supply flows. Any disruption to this vital shipping corridor could spark global economic turmoil, trigger a surge in oil prices, and threaten the economies of Asia's largest energy importers.

The 50 km-wide strait, nestled between Iran and the Arabian Peninsula, handles about 20 million barrels of oil daily from key producers such as Saudi Arabia, Iraq, the UAE, and Iran itself. In 2023 alone, this traffic amounted to nearly $600 billion in energy trade.

Iran's parliament has approved a motion to block the strait, though final authority rests with the Supreme National Security Council. While Tehran has issued similar threats in the past without acting, analysts warn that this time could be different.

A closure would hit China, India, Japan, and South Korea hard. China imports nearly 90% of Iran's oil; India gets nearly half its crude through Hormuz. A shutdown could spike global fuel prices and drive inflation.

Iran could deploy mines, fast-attack boats, submarines, or missiles to disrupt maritime traffic. However, experts believe the U.S. and its allies could respond militarily, as they did during the 1980s "tanker war."

U.S. Secretary of State Marco Rubio warned that closing the strait would be "economic suicide" for Iran and urged China to exert its influence. Analysts say Tehran risks alienating Gulf neighbors and top buyers like Beijing.

While Saudi Arabia and the UAE have developed limited alternative export routes, only about 15% of current volume can be rerouted leaving global markets highly vulnerable to any Iranian action.