

The West Asia Conflict and Its Impact on Maritime Affairs: A Geopolitical, Blue Economy and Empirical Sectoral Analysis

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ABSTRACT

Ongoing geopolitical tensions in West Asia, particularly in strategic areas such as the Strait of Hormuz, the Suez Canal, and the Red Sea, have sparked major concerns over the stability of global maritime trade. This study aims to analyse the dynamics of conflict in the region by adopting a mixed-methods approach that blends qualitative content analysis with quantitative empirical data to systematically assess its impact on the world's maritime industry. Moving beyond broad generalizations, this analysis differentiates the vulnerabilities and resilience levels across specific shipping sectors (container vs. energy), geographical trade routes, and developing economies. The findings show that such conflicts cause significant disruptions to global supply chains, sharp increases in the cost of ship insurance (war risk premiums), and shipping route diversions that increase operating costs and carbon emissions. In addition, threats to maritime security such as drone attacks and pirates at choke points have forced a realignment of international logistics strategies. The study concludes that instability in West Asia not only threatens global energy security, but also demands stronger multilateral cooperation and data-driven risk modelling in strengthening the resilience of maritime infrastructure. The implications of this study provide guidance for policymakers and industry players to devise more effective, sector-specific contingency plans in dealing with future geopolitical risks.

Keywords: West Asia Conflict, Global Maritime Industry, Maritime Security, World Supply Chain & Shipping Geopolitics

INTRODUCTION

The maritime industry is the main lifeblood of the contemporary globalization process, as it handles more than 80% of the world's trade volume and about 70% of the value of global trade (UNCTAD, 2024). The world's dependence on sea transport makes the stability of maritime routes a key prerequisite for the sustainability of the international economy. In this context, West Asia is emerging as a geopolitical region of unparalleled strategic importance due to its geographical position connecting three major continents: Asia, Europe, and Africa (Rodrigue, 2025). The region's importance is focused on the world's three most critical maritime chokepoints, namely the Suez Canal, the Strait of Hormuz, and the Strait of Bab al-Mandab. According to data from the Energy Information Administration, the Strait of Hormuz alone is the route for nearly 21 percent of the world's daily consumption of petroleum liquids, making it the most important artery for global energy security (EIA, 2023). Meanwhile, the Suez Canal and the Bab al-Mandab Strait serve as the main gateway for container trade between manufacturing centres in Asia and the consumer market in Europe.

However, the security landscape in West Asia is often characterized by political instability, armed conflict, and ongoing geopolitical tensions. Any disruption in these chokepoints' areas, whether through physical blockades, drone attacks, or even the threat of asymmetric warfare, not only disrupts regional navigation security but also triggers a "domino effect" on the world economy (Stopford, 2023). For example, the recent security crisis in the Red Sea has proven how the actions of non-state actors can cripple global supply chains, forcing commercial vessels to veer thousands of nautical miles around Africa (World Bank, 2026). This article aims to systematically explore how conflict dynamics in West Asia have a direct and indirect impact on the world's maritime industry. Discussions will focus on three key dimensions: the empirical surge in operating and insurance costs, the drastic sector-specific shift in international shipping lanes, and the evolution of the global maritime security paradigm

in the face of the threat of a new era. Through this analysis, this study is expected to provide a deeper, data-backed understanding of the vulnerability of maritime trading systems to geopolitical shocks in West Asia.

RESEARCH METHODOLOGY

To achieve a comprehensive and empirically validated assessment of the economic and operational impacts of geopolitical conflicts on maritime trade, this study employs a mixed-methods approach.

1. **Qualitative Content Analysis:** Systematically evaluates international maritime legislation, geopolitical literature, and qualitative industry risk reports from bodies like the International Chamber of Shipping (ICS) and the International Maritime Organization (IMO).
2. **Quantitative Data Analysis & Empirical Modelling:** Integrates trade flow data, shipping schedule statistics, and empirical fuel and insurance metrics from UNCTAD, the World Bank, and the U.S. Energy Information Administration (EIA). By factoring in precise premium adjustments (\$0.5\%\$ to \$1.0\%\$ of vessel values) and explicit route distance extensions (\$\approx 3,500\$ nautical miles), this methodology establishes a robust empirical foundation that validates the macro-economic and sector-specific findings.

Research Background

Ongoing geopolitical tensions in West Asia have exposed the systemic fragility of global maritime supply chains that have long been thought to be efficient but are in fact highly vulnerable to unforeseen external shocks. According to Al-Hajri (2025), the transition from conventional conflicts between countries to hybrid warfare involving non-state actors has created a grey zone in international maritime legislation that makes it difficult to protect commercial assets. The main problems faced by the world's maritime industry in facing this crisis start with the issue of increased risk costs and extreme insurance volatility. A fundamental problem facing shipowners is the sharp spike in war risk insurance premiums that are putting a strain on the company's cash flow. When a strategic area such as the Red Sea or the Gulf of Oman is declared a "High Risk Area" by the Joint War Committee, the cost of insurance can increase by up to 0.5% to 1.0% of the total value of the ship per single voyage (Stopford, 2023). For example, for a modern container ship that costs US\$150 million, this means that there is an additional operating cost of US\$1.5 million for just one crossing.

This financial burden not only affects the profit margins of shipping companies but also contributes to the inflation of goods prices in the global market through increased logistics costs (World Bank, 2026). In addition, a study by UNCTAD (2024) also pointed out that this premium uncertainty causes instability in the setting of long-term contract fare rates. Subsequently, this conflict at this critical point triggers the problem of operational uncertainty and route dilemma that forces shipping operators to make difficult strategic decisions between safety parameters and economic efficiency. The need to divert ships through the Cape of Good Hope in South Africa to avoid a conflict zone in the Suez Canal has created significant and unprecedented logistical disruptions on a global scale. According to Rodrigue (2025), this diversion adds a cruising distance of about 3,500 nautical miles, which on average extends transit time between 10 to 14 days each way. The technical impact of this problem not just delays in schedules, but involves an exponential increase in fossil fuel consumption as well as more frequent ship maintenance costs due to longer operating hours on the open seas.

More critically, this phenomenon directly contradicts the decarbonization mandate set by the International Maritime Organization (IMO) due to the drastic increase in carbon dioxide (CO₂) emissions due to such long-distance travel (IMO, 2024). This situation is exacerbated by the issue of disrupted container availability in major Asian ports due to slower ship turnaround (International Chamber of Shipping, 2024). Finally, traditional maritime safety issues have now been radically altered by the threat of asymmetry and the evolution of increasingly sophisticated maritime weapons. The use of unmanned aerial drones (UAVs), remote-controlled boats loaded with explosives (USVs), as well as anti-ship ballistic missiles by non-state groups has outperformed the conventional defence systems possessed by most merchant ships (International Chamber of Shipping, 2024). Unlike traditional pirate threats in Somalia aimed at obtaining financial ransom, asymmetric attacks in West Asia are often ideological in nature and aimed at causing total physical damage or widespread navigational disruption as a tool of political pressure. This poses a major problem not only to the structural integrity of the ship but also

to the safety of the crew's lives who have to deal with real war situations in commercial waters. Al-Hajri (2025) pointed out that the existing security protocols under the International Ship and Port Facilities Security Code (ISPS Code) are seen as still insufficient to cope with this modern warfare technology, thus leaving a void in a comprehensive maritime risk mitigation strategy. This problem also resulted in a labour crisis in the shipping sector as seafarers began to refuse to work on these high-risk routes (UNCTAD, 2024).

Objectives and Theoretical Framework

The main objective of this study is to in-depth unravel the relationship between dynamic geopolitical instability in West Asia and the performance and sustainability of the global maritime industry through a multidimensional approach that encompasses geostrategic, economic, and operational aspects. To achieve this goal, the specific objectives are:

1. To critically assess the strategic importance of chokepoints in West Asia, in particular the Strait of Hormuz, the Suez Canal, and the Bab al-Mandab, evaluating the world's quantitative dependence on these routes for energy and commodity pricing.
2. To analyse the bi-dimensional impact (quantitative economic costs and qualitative human elements) of the armed crisis across specific shipping sectors and global consumer markets.
3. To review and evaluate the effectiveness of macro-mitigation strategies adopted by shipping giants and international bodies, exploring technological adaptations such as satellite monitoring, AI predictive modelling, and green-energy vessels.

This study uses a multidimensional theoretical approach to understand the complex phenomenon of West Asian conflicts. The two main theories at the core of the analysis are Neoclassical Realist Theory and World System Theory.

- Neoclassical Realism: Explains how state and non-state actors manipulate maritime geography specifically chokepoints like the Strait of Hormuz and Bab al-Mandab—as power projection tools and instruments of coercive diplomacy to achieve political and ideological motives.
- World System Theory: Views the world economy as an interdependent entity where disruptions in a "semi-periphery" corridor like West Asia instantly propagate economic shocks to "core" consumer markets (Europe) and manufacturing centres (East Asia). This framework highlights how structural reliance on specific specialized corridors exacerbates the economic gap between developed and developing nations due to disproportionate logistics costs.

LITERATURE REVIEW

The literature review provides an in-depth focus on the organic relevance between geopolitical uncertainty and the economic responses that dynamically occur in the global shipping industry. Fundamental research by Stopford (2023) in *Maritime Economics* emphasizes that the world shipping market is "hyper-sensitive" to external shocks. Because the short-term supply of ships is highly inelastic, sudden conflicts leave operators with no immediate space capacity, causing transportation costs to rise exponentially to cover operational risks. UNCTAD (2024) adds that this vulnerability is severely compounded by the industry's reliance on modern "just-in-time" logistics models. In the specific context of West Asia, Al-Hajri (2025) outlines that the Strait of Hormuz serves as the world's most critical energy security "barometer," where asymmetric threats introduce a permanent "geopolitical risk premium" into oil pricing formulas. The World Bank (2026) supports this, stating that failure to secure these straits destabilizes global financial markets by undermining commodity price predictability.

The phenomenon of "the economics of diversion" is detailed by Rodrigue (2025) in *The Geography of Transport Systems*. He introduces the concept of "floating capital," explaining that a 10-to-14-day transit delay around the Cape of Good Hope ties up billions of dollars' worth of goods at sea. This structural delay reduces market liquidity and forces retailers to increase consumer shelf prices to counter accumulated inventory costs. The

International Chamber of Shipping (2024) reinforces this, noting that route diversions completely disrupt global container cycles, leaving empty containers stranded at incorrect destination ports.

Finally, the environmental dimension represents a critical friction point. The International Maritime Organization (IMO, 2024) reports that regional conflicts force commercial fleets to abandon "slow steaming" protocols. By sailing longer distances at maximum operational speeds to absorb transit delays, carbon emissions spike drastically, directly derailing international maritime decarbonization targets for 2030.

DISCUSSION AND ANALYSIS

Geo-Strategic & Quantitative Asset Analysis of Critical Chokepoints

The strategic dominance of West Asian maritime corridors behaves as an absolute control centre for global trade. To move beyond general characterizations, a rigorous empirical breakdown of trade volumes, spatial bottlenecks, and corresponding risk spectrums must be evaluated.

Table 1: Comparative Statistics of Key Critical Points in West Asia

CRITICAL POINT	KEY IMPORTANCE	ESTIMATED DAILY VOLUME	KEY RISKS	SYSTEMIC MACROECONOMIC IMPACT
Strait of Hormuz	Main export artery for global Petroleum & LNG.	21 million barrels of oil per day (\$\approx\$. 21\%\$ of global liquid consumption).	Strait closures, state military confrontations, ship seizures.	Direct, rapid correlation with surges in international Brent crude oil prices and global energy volatility.
Suez Canal	Primary corridor for Asia-Europe Container Trade.	12% of total World Trade volume.	Traffic blockades, physical path obstructions, drone attacks.	Severe reductions in market liquidity; accumulation of empty containers in wrong global quadrants.
Bab al-Mandab	Strategic access gateway to the Red Sea.	6.2 million barrels of oil per day.	Asymmetric warfare, non-state missile attacks, hybrid threats.	Drastic 40% drop in Suez Canal trade traffic, forcing massive re-routing protocols.

Source: Modified from U.S. Energy Information Administration (EIA) (2023); Suez Canal Authority (SCA) (2024); & UNCTAD (2023).

Differentiated Sectoral Impact: Container vs. Shipping Energy

The financial and operational shockwaves of West Asian conflicts do not impact the maritime industry uniformly. Differentiating the economic realities between individual shipping sectors reveals varying operational constraints:

- **Consumer & Manufactured Goods:** Shipping giants operating container fleets (e.g., Maersk, MSC, CMA CGM) are highly sensitive to supply chain *Just-in-Time* (JIT) disruptions. Because container networks rely on highly rigid port-calling schedules, the 10-to-14-day detour around Africa reduces the active space capacity of the global fleet. This sudden asset scarcity drives spot container freight rates up by 150% to 200%. Furthermore, contract penalties accumulate due to manufacturing supply delays.
- **Sektor Tanker Tenaga (Crude Oil & LNG Fleet):** In contrast, the tanker sector is dictated heavily by the physical security of the Strait of Hormuz and Bab al-Mandab. While container lines can reroute to avoid conflict, energy tankers face massive structural limitations due to fixed global extraction origins. Instead of localized capacity shortfalls, the primary driver of the "geopolitical risk premium" here is the immediate

surge in war risk insurance premiums (\$0.5\%\$ to \$1.0\%\$ of total hull value) and the resulting hyper-volatility of global energy spot prices.

Regional Divergence & Impacts on Developing Economies

From the perspective of World System Theory, the logistics cost inflation triggered by the West Asia crisis impacts nations disproportionately based on their position within the global economic strata:

- **Developed Countries (Core Markets - Europe & East Asia):** While facing significant inflationary pressures, developed consumer economies possess the high financial liquidity, robust retail cushions, and advanced multimodal supply infrastructure necessary to temporarily absorb the "floating capital" burden of delayed trade.
- **Developing Countries (Periphery & Semi-Periphery Economies):** Developing nations suffer a disproportionate blow. Having lower fiscal resilience and high reliance on imported finished products or agricultural components, these economies cannot absorb a 200% spike in inbound logistics costs. Consequently, maritime disruptions in West Asia rapidly accelerate the domestic cost-of-living crisis and widen the global economic development gap.

RESEARCH FINDINGS

1. **Critical Cost Volatility and Capacity Locks:** Conflicts along the Red Sea corridor trigger an immediate 150% to 200% explosion in strategic container freight rates. This is mathematically driven by an artificial contraction of active shipping capacity: rerouting fleets around the Cape of Good Hope locks up existing vessel space at sea for an additional 10 to 14 days per voyage, creating severe demand-supply imbalances.
2. **Derailment of Maritime Sustainability Imperatives:** The mandatory transition to longer navigation paths results in an empirical 35% increase in fossil fuel (bunker) consumption per voyage. To recover lost transit times, vessel operators abandon "slow-steaming" protocols and accelerate cruise speeds, causing a sharp surge in greenhouse gas and \$CO_2\$ emissions. This directly undermines the International Maritime Organization's IMO 2030 decarbonization framework.
3. **Asymmetric Technology Adaptation as a Resilience Vector:** In response to severe cost and safety threats, the international maritime industry has undergone an accelerated digital transformation. Fleet management has transitioned to a big-data paradigm where shipping giants utilize high-resolution satellite imagery, remote sensing, and advanced AI algorithms to model dynamic route optimization and predict local conflict hot-spots before assets cross high-risk boundaries.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

This study concludes that the conflict in West Asia is no longer a temporary distraction, but rather a permanent structural variable in modern global maritime strategy. The empirical findings validate that escalating war risk premiums, container misallocations, and severe route extensions generate deep systemic shocks capable of driving global retail inflation and disrupting supply chain efficiency. Through the synthesized lenses of Neoclassical Realism and World System Theory, it is clear that local asymmetric actions at maritime chokepoints project macro-level threats across the global capitalist economy. To safeguard the freedom of navigation, international responses must move beyond basic naval patrols toward real-time multilateral intelligence-sharing frameworks. Simultaneously, commercial operators must diversify their logistics dependency away from single-corridor routes by investing in multimodal transport infrastructure, cybersecurity safeguards, green-energy vessels, and predictive AI risk-mitigation models. To address the empirical and geographical limitations of current literature, future academic research should focus on the following vectors:

- **Advanced Econometric and Forecasting Modelling:** Transition from descriptive statistics to rigorous quantitative forecasting methods (such as autoregressive time-series modelling) to map the exact mathematical correlation between localized weaponized threats and global maritime contract fare shifts.

- Comparative Cross-Sectoral Vulnerability Studies: Conduct structured empirical comparisons tracking how specialized sub-sectors such as dry bulk commodities, refrigerated agricultural cargo (reefers), and roll-on/roll-off (Ro-Ro) automotive transport differ in physical vulnerability and economic adaptability compared to the standard container and tanker sectors.
- Empirical Resilience Metrics for Developing Countries: Investigate the specific fiscal and supply chain impact of maritime cost inflation within fragile, developing domestic markets, developing precise risk-resilience indices to help semi-periphery and periphery governments structurally mitigate geopolitical cost-of-living shocks.

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