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Conflict and energy consultancy

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Executive Assessment

The Iran war has entered a structurally more dangerous phase defined by the intersection of military escalation, maritime disruption and energy market shock. Israeli air operations inside Iran and Lebanon are continuing while Iran has expanded its retaliation through missile, drone and maritime operations across the Gulf and eastern Mediterranean security environment. The appointment of Mojtaba Khamenei as Iran's new Supreme Leader has coincided with this escalation and Iranian leadership messaging suggests that Tehran intends to sustain confrontation rather than move toward de-escalation.

In his first statement since assuming leadership, Mojtaba Khamenei adopted an openly defiant tone, warning that the war could expand geographically if attacks on Iran continue. He stated that Iran would respond to aggression across multiple theaters and warned that "other fronts could be opened" against adversaries. Iranian officials framed the conflict as a struggle against foreign attempts to weaken Iran and control its energy resources, while signaling that Iranian retaliation could increasingly target strategic infrastructure across the region.

At the same time, the center of gravity of the conflict is shifting toward maritime and energy security. Iran has laid naval mines in the Strait of Hormuz, and attacks on commercial vessels have intensified. The United States has responded by destroying Iranian naval vessels and mine-laying ships near the strait, while regional shipping companies have begun suspending or rerouting traffic. Energy markets reacted sharply: oil prices surged above $100 per barrel, tanker traffic slowed dramatically, and governments are preparing coordinated strategic oil reserve releases to stabilize markets. The war is therefore evolving into a conflict with direct systemic consequences for global energy supply chains.

Security and War Developments

The military situation across the region remains highly volatile and geographically dispersed. Israeli strikes have continued targeting Iranian military infrastructure and Hezbollah-linked positions in Lebanon, including attacks reported in Tehran, Beirut and southern Lebanon. These strikes appear designed to degrade Iran's missile networks and regional proxy capabilities while preventing Hezbollah from opening a large northern front against Israel.

Iran has responded through a combination of missile attacks, drone operations and maritime pressure in the Gulf. Iranian officials have framed these actions as legitimate retaliation against what they describe as U.S.–Israeli aggression. Tehran has warned that if attacks on Iranian territory continue, the conflict could expand into new theaters.

The most strategically significant development has been the maritime escalation in the Strait of Hormuz. Iranian forces have reportedly deployed naval mines in the waterway, raising fears of a partial blockade of the world's most important oil shipping route. The United States responded by attacking Iranian naval assets and destroying vessels believed to be involved in mine-laying operations near the strait. U.S. officials described these strikes as necessary to protect freedom of navigation and prevent the disruption of global energy supplies.

Commercial shipping has already been affected. Tankers and cargo vessels have been attacked in the Gulf and near the Strait of Hormuz, and several ships reported damage after missile or drone strikes. The attacks have sharply increased insurance costs and forced shipping companies to reconsider transit routes through the region.

The conflict has also spilled into Iraq. Iraqi authorities shut down oil port operations after attacks and rising security risks around export facilities. These developments highlight how quickly regional energy infrastructure has become entangled in the conflict.

Casualty figures remain incomplete but clearly indicate intensifying violence across multiple theaters. Airstrikes in Iran and Lebanon have caused fatalities while maritime incidents have placed civilian crews aboard commercial ships at risk.

Diplomatic Dimension

Diplomatic messaging reflects deepening geopolitical polarization rather than movement toward negotiations. Iran's leadership has adopted a highly confrontational tone following the leadership transition. In his first statement since becoming Supreme Leader, Mojtaba Khamenei declared that Iran would not retreat under military pressure and warned that the war could expand geographically. He stated that if Iran's adversaries continued attacking Iranian territory, Tehran would respond across additional fronts.

Iranian officials have repeatedly framed the war as an attempt by foreign powers to weaken Iran's sovereignty and control regional energy resources. Tehran's messaging emphasizes national resistance and the continuation of Iran's strategic posture under the new leadership.

Western governments have largely focused on managing the economic consequences of the conflict rather than pursuing immediate mediation. U.S. officials have warned Iran against escalating attacks on shipping routes or regional energy infrastructure. At the same time,

energy-importing countries in Europe and Asia have begun coordinating contingency responses to stabilize global oil markets.

Regional governments are also increasing defensive measures. Gulf states have strengthened air-defense readiness and maritime security as missile threats and attacks on shipping continue.

Energy and Maritime Risk

The energy dimension of the conflict has become the most consequential strategic development. Oil prices surged sharply after attacks on tankers and fears that the Strait of Hormuz could become partially blocked. Brent crude rose above $100 per barrel, reflecting market concerns that disruption to Gulf exports could remove large volumes of oil from global supply.

The Strait of Hormuz is the world's most critical oil shipping chokepoint. Approximately 20 percent of global oil supply normally transits the strait, meaning any disruption can rapidly affect global markets.

Attacks on commercial vessels and the deployment of naval mines have significantly reduced tanker movements through the region. Shipping companies are increasingly reluctant to transit the strait due to the risk of missile attacks, drone strikes and sea mines.

The conflict is already affecting regional oil exports. Iraq temporarily shut down operations at one of its key oil ports due to security risks, highlighting the vulnerability of export infrastructure across the Gulf.

Governments and international institutions are now preparing emergency responses. The International Energy Agency is considering a record release of strategic petroleum reserves in order to stabilize markets and offset potential supply disruptions. Analysts warn that such measures may only partially mitigate market volatility if maritime insecurity in Hormuz continues.

Energy analysts estimate that prolonged disruption in the strait could remove several million barrels per day from global supply, potentially triggering a sustained oil price shock.

Global Market Impact

Financial markets have reacted strongly to the escalation. Oil prices crossing the $100 per barrel threshold reflect investor fears that the war could disrupt energy flows from the Gulf. The scale of the potential disruption is significant because Hormuz carries roughly one-fifth of global oil trade.

The International Energy Agency is considering a record coordinated release of emergency oil stocks, potentially exceeding previous interventions used during earlier global supply crises.

Several governments are also exploring national reserve releases or emergency supply measures to cushion the impact of the conflict on domestic energy markets.

Despite these efforts, market volatility remains high because the underlying security risks affecting shipping in the Strait of Hormuz have not yet been resolved.

Conflict Assessment

The Iran war is increasingly evolving into a regional security crisis with global economic implications. Three structural dynamics are shaping the trajectory of the conflict.

First, leadership consolidation in Tehran under Mojtaba Khamenei signals political continuity and reduces the likelihood of rapid diplomatic compromise. Second, military escalation across Iran, Lebanon, Iraq and the Gulf is widening the operational battlespace. Third, attacks on shipping and energy infrastructure are transforming the conflict into a global energy security crisis.

The center of gravity of the war is shifting toward maritime and economic targets rather than purely military ones. Mines in Hormuz, tanker attacks and strikes near oil export infrastructure suggest that both sides are increasingly targeting the economic foundations of their adversaries.

If instability in the Strait of Hormuz persists, the conflict could trigger a prolonged disruption to global energy markets and significantly raise inflation and economic risks worldwide.

FORWARD LOOK FOR 7 DAYS:

- Monitor whether Iran expands maritime attacks on commercial vessels or increases mine deployments in the Strait of Hormuz.

- Track further U.S. military operations against Iranian naval assets attempting to secure shipping routes.

- Assess whether tanker traffic through the Strait of Hormuz begins to normalize or remains severely constrained.

- Watch for an International Energy Agency decision on a coordinated strategic oil reserve release.

- Monitor whether Iraq and other Gulf exporters restart or suspend oil port operations.
- Track whether Iran follows through on Mojtaba Khamenei’s warning that additional fronts could be opened.
- Observe diplomatic signals from major powers indicating possible de-escalation or expanded regional involvement.