ASSESSING THE GLOBAL IMPACT OF THE IRAN-US WAR

SC2

Issue description

The conflict between the United States and Iran has created serious risks for the global supply of oil and other fossil fuels. Iran is an important oil-producing country and controls access to the Strait of Hormuz, a narrow but extremely important waterway through which a large amount of the world's oil is transported. Any military conflict in or around the Strait of Hormuz could disrupt international oil supplies and cause major increases in energy prices.

The effects of an oil shortage would not only affect the United States and Iran. Countries in Europe and Asia depend heavily on oil imports from the Middle East. Higher oil prices can increase the cost of transportation, electricity, food production and many other products. This could cause inflation and create economic problems for countries that are already dependent on imported fossil fuels.

Why has the issue not been resolved?

The issue is difficult to resolve because the United States and Iran have major political and security disagreements. Both countries have different interests in the Middle East and have struggled to reach long-term agreements.

Iran also depends heavily on oil exports for government income, while other countries depend on Iranian and Middle Eastern oil for their energy needs. This creates a situation in which reducing oil production or exports can be used as political and economic pressure.

Another problem is that the world still depends heavily on fossil fuels. Although renewable energy is growing, many countries cannot quickly replace oil and gas with other energy sources. Because of this dependence, even a temporary disruption can have global consequences.

Key actors and their stance on this issue

Iran A major oil-producing country with large reserves of crude oil and natural gas. Iran wants to protect its ability to export oil and maintain its economic independence. It also considers control over the Strait of Hormuz an important part of its strategic position.

United States The United States wants to prevent Iran from threatening international energy supplies and wants to protect the free movement of ships through important international waterways. The US also uses economic sanctions to put pressure on Iran.