



Agenda - Deliberating the Impact of Armed Conflicts and Maritime Blockades on Global Trade and Energy Security, with Special Emphasis on the Strait of Hormuz Crisis

WTO



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Letter from the Executive Board

Greetings Delegates,

With immense gratification, we, the Bureau of the World Trade Organization, warmly welcome you all to the Eleventh Iteration of the Shishukunj Model United Nations.

The World Trade Organization shall be a historic committee with the freeze date of **April 13, 2026**. The agenda that we will be discussing is “**Deliberating the Impact of Armed Conflicts and Maritime Blockades on Global Trade and Energy Security, with Special Emphasis on the Strait of Hormuz Crisis**”. Apart from being extremely relevant to today’s world, this agenda is the perfect combination of global economic trade systems and geopolitical conflicts and economics. The Closure of the Strait of Hormuz, which came about due to the Iran-US-Israel War, has posed a very significant pushback to the global economy. Countries are struggling to get Crude Oil and LNG supplies. Exports and Imports have completely ceased in the Middle East due to incessant and sudden attacks by the involved nations.

Even though the committee is historic, we expect to see that you, as delegates, will not let history repeat. We want all delegates to analyse this complex scenario and think from a global perspective. We do not just want you to give speeches, we want you to leave an unimaginable impact. In our committee, practicality is the key. As implied, we highly discourage the use of AI platforms during your research. It will definitely give you all the facts and figures possible. However, in this committee, mere information will not suffice. Until and unless you understand the agenda from all spheres, it makes little impact. And most importantly, you will not have fun until you yourself research the agenda.

All delegates are requested to thoroughly research this agenda and explore it deeply. This guide is a starting point, but we urge you to go beyond this guide. A few things to keep in mind for your research:

Firstly, keep a very careful note of the freeze date. **Any articles, publications, press releases, or statements made after the date will be considered insubstantial and irrelevant to the agenda.**

Secondly, the use of AI and plagiarised content is prohibited and shall not be tolerated. Strict action will be taken against those found indulging in the same.

To conclude, we immensely hope to make this conference a memorable one for each of you, as it will be for us. Lastly, please do not hesitate to reach out to any of us regarding absolutely anything related to the conference.

Regards,

Vedant Garg - Chairperson

Anjaneya Dubey - Vice-Chairperson

Shriya Sancheti - Rapporteur

Keywords

1. **Maritime Chokepoint** - Narrow, strategically vital waterways or straits that connect two larger bodies of water and function as critical pressure points through which a massive percentage of global trade and energy supplies must funnel through.
2. **LNG (Liquified Natural Gas)** - Natural Gas that is cooled into liquid form for easier transportation as well as storage
3. **Supply Chain** - The mutually connected system through which goods including raw materials and services move from the producers to the consumers, passing through other middlemen.
4. **Shipping Insurance Premium** - The fee paid to an insurance provider to financially protect goods against loss, damage or theft, while they are in transit. It acts as a safety mechanism by transferring the risk of transportation from the businesses to the insurance provider.
5. **Iranian Revolution** - The fall of Iran's monarchical Pahlavi Dynasty and establishment of an Islamic Republic under Ayatollah Khomeini.
6. **Pro-Western Monarchy** - A Royal Government that favoured itself with Western nations, particularly the United States and its allies.
7. **Belligerent Nations** - States which are engaged in warfare or hostilities, shown by their use of military force to undergo political or territorial objectives.
8. **mb/d** - Million barrels per day
9. **kb/d** - Thousand barrels per day
10. **Precautionary Demand** - Purchasing of goods in bulk before a supply instability or shortage in order to safeguard supply for future.
11. **SPR (Strategic Petroleum Reserve)** - Emergency stock of crude oil maintained by national governments to buffer against severe supply disruptions or geopolitical crises

Introduction to the Committee

The World Trade Organization (WTO) is the only international organization dealing with the rules of trade between nations with the primary purpose to ensure open trade for the benefit of all by making sure global trade is as predictable as possible while promoting economic growth and development. It provides a rules-based multilateral trading system that helps reduce barriers to trade and promotes transparency in international commerce. The organization plays a crucial role in fostering cooperation between developed, developing, and least-developed countries by providing a platform for dialogue and negotiation. Decisions in the WTO are typically taken by consensus among all members and they are ratified by members' parliaments. Unlike the United Nations, the WTO is not a UN body and functions as an independent international organization focused exclusively on global trade and economic relations. Trade disputes are addressed by WTO's dispute settlement process, where the focus is on interpreting agreements and on ensuring that members' trade policies align with them. The WTO also oversees several key agreements governing trade in goods, services, and intellectual property rights, thereby contributing to a stable and predictable trading environment. Its headquarters are located in Geneva, Switzerland and was created on the 1st of January 1995. Its functions are to administer WTO trade agreements, act as a forum for trade negotiations, handle trade disputes, monitor national trade policies, provide technical assistance and training for developing countries and to cooperate with other international organizations. Through its Trade Policy Review Mechanism, the organization regularly evaluates members' trade policies, enhancing transparency and accountability within the global trading system. The WTO has 166 member nations, representing 98% of the world's global trade.

As global trade expands, it's increasingly becoming more interconnected thus secure supply chains, stable markets, and uninterrupted transportation routes are required to ensure safety. However, disruptions caused by armed conflicts, sanctions, maritime blockades, or geopolitical tensions have severe implications on global trade. Such disruptions can lead to inflationary pressures, shortages of essential commodities, increased transportation costs, and uncertainty in international markets, disproportionately affecting developing and import-dependent economies. As the principal institution governing international trade, the WTO serves as the platform for discussing and addressing such challenges.

Introduction to the Agenda

Every country's economy and the global economy are built on overseas trade and interdependence. This has helped them specialize in production, access resources unavailable within their borders, and maintain economic growth through the continuous exchange of goods, services and energy resources. However, during times of war, countries engaged in conflict run through their goods and more often than not disturb trade routes, breaking supply chains not just for the belligerent nation but also for uninvolved third-party nations. This results in the market being highly volatile and prices of essential goods heavily fluctuating, which not just causes economic loss but also causes domestic instability and socioeconomic disruptions.

One of the most important components of international trade is maritime chokepoints. The closure or disruption of these chokepoints can significantly hurt the movement of goods, increase transportation and insurance costs, and create uncertainty in international markets. The Strait of Hormuz is the world's most important chokepoint for urea, petroleum, liquified natural gas and other goods produced by Gulf states. Its closure affects major oil-producing Gulf nations and importers such as India and China, which import 2.1 million barrels and 4.6 million barrels per day, respectively.

This committee will discuss the implications of the closure of the Strait of Hormuz on importers, exporters and nations worldwide, assess the global crisis in trade and price volatility caused due to the same, address the misuse of Article XXI of the GATT that allows nations to bypass the WTO's fundamental principle of the most favoured nation treatment and evolve methods to ensure trade safety and mitigate such trade conflicts to ensure a peaceful and thriving global economy.

Historical Background

Rise of Iran-US-Israel War Tensions:

The rise of tensions between Iran, the United States, and Israel mainly began after the 1979 Iranian Revolution. Iran replaced its pro-Western monarchy with an Islamic government that strongly opposed both the US and Israel. Since then, political distrust and military rivalry have continued to grow.

One major reason for conflict has been Iran's nuclear programme. The US and Israel feared that Iran could develop weapons, but Iran claimed its programme was for peaceful energy purposes. An agreement called the Joint Comprehensive Plan of Action (JCPOA) was signed between Iran and the P5 nations (USA, UK, China, Russia, France) + Germany in 2015, to limit Iran's nuclear activities in return for reduced sanctions. However, the US withdrew from this agreement under President Donald Trump in 2018. In retaliation for the exit of the US as well as a prominent attack on Iranians by the US, Iran resumed its nuclear facilities and enriched uranium to nearly weapon-grade levels. This was disapproved by the US and thus acted as one of the reasons for the conflict.¹

Another important reason is that Iran's support for armed groups was opposed to Israel. Israel has carried out airstrikes and covert operations against Iranian-linked targets in countries like Syria. At the same time, the US increased its military presence in the Middle East to protect its allies and oil trade routes.

The Strait of Hormuz faced several naval attacks and threats in April 2026. This increased fears of various regional wars in the Gulf Region. The entire world's energy trade passes through this Strait, and so it intensified the tension of global trade and energy security.

Strategic Importance of the Strait of Hormuz:

The Strait of Hormuz is one of the world's most strategically important maritime choke points. It's that skinny bit between Iran and Oman that connects the Persian Gulf to the Gulf of Oman and the Arabian Sea. It's the main export route for major oil producers such as Saudi Arabia, Iraq, Kuwait, the United Arab Emirates and Iran. The strait is a crucial artery for the world's petroleum trade, with one-fifth passing through daily.

¹ <https://www.cfr.org/backgrounders/what-iran-nuclear-deal>

Its narrowness leaves it very susceptible to regional conflicts . Iran has threatened to block or otherwise interfere with shipping through the waterway on several occasions , especially when under sanctions, military pressure, or attacks.²

Such threats have historically spiked the global oil prices and given rise to supply chain issues. To keep things flowing, the United States and its allies have a considerably large naval presence there, making sure ships can pass freely and protecting the commercial routes.

The Strait gained international spotlight during periods of tanker seizures, drone attacks, and naval confrontations in the late 2010s and 2020s. Due to the heated conflicts between Iran, Israel, the Houthis in Yemen, and the US Navy, the maritime blockade has become a concern that cannot be ignored. Not only is the blockage of the Strait a disaster for global trade, it is also the cause for declining global economic stability, inflation rates, and energy security.³

Freeze Date:

As stated above, we have agreed that the freeze date will be April 13th 2026. This was one of the most significant escalations in modern maritime trade and energy security history, as the United States officially prohibited access to ships cargoes coming from or going towards Iranian ports via the Strait of Hormuz on this date, following the breakdown of diplomatic talks with Iran. The Strait of Hormuz, one of the world's most vital maritime chokepoints, carries almost one-fifth of global oil commerce and a substantial share of LNG exports. This blockade triggered immediate fears of confrontation, problems with trade ships, and a severe energy shortage. Iran condemned the action as an act of economic warfare and warned of consequences for regional and international security.

Ultimately this freeze date will force you to think in a situation when peace talks and negotiations have failed. Therefore global trade and energy security is severely affected. Thus they will have to derive alternative methods to ensure access of commodities to developing and under-developed countries.

What effects did it have on the global economy?

- The energy security of the world was in jeopardy. Prices for oil and gas increased everywhere, making it difficult to trade products including fertilizers, chemicals, and oil.
- Growing concerns about military conflict and sea mines were preventing international trade and ships from the Strait, affecting international trades and maritime business negatively.

² [\(PDF\) CHOKEPOINT AS WEAPON: Iran's Strait of Hormuz Blockade Strategy in the February–March 2026 War](#)

³ [Maritime piracy in the Strait of Hormuz and implications of energy export security - ScienceDirect](#)

- Countries which were dependent on the imports from the Gulf for their energy supplies, faced severe shortages leading to a significant fall in commercial growth.
- Lastly, it created a sense of uncertainty in international markets and slowed down economic activity.

Relevant Dates to the Agenda⁴:

February 28, 2026: Iran announced a closure of the Strait of Hormuz retaliating to the US-Israel attacks, in which Iran's Former Supreme Leader Ayatollah Ali Khamenei was assassinated.

April 8, 2026: A fourteen-day ceasefire negotiated between the US and Iran, brokered by Pakistan.

April 9, 2026: Ceasefire violated because Israel attacked Lebanon on the previous day, and in response, Iran closed the Strait of Hormuz again.

April 12, 2026: Negotiations failed between the USA, represented by the Vice President JD Vance, head of the delegation, and Iran, held in Islamabad.

April 13, 2026: The USA implemented a naval blockade affecting Iranian ports and shipping routes linked to the Strait of Hormuz.

⁴ <https://www.aljazeera.com/>

Analysing the Impact of the Crisis on Global Trade Flows

Implications for Crude Oil and LNG Supply:

The Strait of Hormuz crisis has resulted in a severe military escalation in the region, which in turn has disrupted trade flows through this passage. It has deeply affected the supply of energy trade, including great volumes of Liquefied Natural Gas (LNG) and Crude Oil.

25% of the world's seaborne oil trade transited the strait before the crisis and an average of 20 mb/d crude oil and other oil products were being shipped in 2025. These volumes represented approximately 27% of the global maritime oil trade. Additionally, 20% of global liquefied natural gas (LNG) trade passes through the Strait.

Major Oil Exporters, including Iran, Iraq, Saudi Arabia, United Arab Emirates (UAE), Kuwait, Qatar and Bahrain, collectively known as the Gulf Countries, rely on the Strait to deliver the majority of their oil exports. However, Saudi Arabia and the UAE have some oil export routes, distinct from the Strait. This provides some remediation for the global crisis. A nearly complete shutdown of the Strait has led to suspension of shipments of as much as 140 million barrels of oil, equal to about 1.4 days of global demand. About 93% of Qatar's and 96% of the UAE's LNG Exports cross through the Strait, accounting for 19% of the global LNG Trade taking place. There are no alternative routes to supply natural gas from Qatar or the UAE to the global LNG market other than the existing LNG liquefaction facilities, and so fertilizer production across Asian and European Markets has crucially reduced.⁵

Shipping Routes are heavily affected by the instability in the Middle Eastern region. Increased security risks and military attacks have forced nations to take unfavourable measures. They have had to reroute vessels away from the region and, in turn, take long routes around Africa, i.e., the Cape of Good Hope. These changes have resulted in the rise of shipping costs. Shipping companies are spending an extra 340 million euros per day in additional fuel costs. The rise in shipping costs is also a result of higher insurance premiums. Maritime insurers have begun raising prices or withdrawing war-risk coverage for cargoes operating in the explosive region. These two reasons have collectively led to increased operating costs for shipping companies. This increased cost is ultimately borne by the consumers, who are at the end of the supply chain.⁶

Effect on Essential Commodity and Pharmaceutical Supply Chains:

⁵ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

⁶ <https://www.oxfordcollegeofprocurementandsupply.com/how-the-iran-conflict-is-disrupting-global-supply->

The disruption of trade in the Strait of Hormuz has significantly threatened the trade of essential commodities as well as pharmaceutical products. The unprecedented crisis has created havoc as there have been supply shortages and prices of goods have increased by manifolds.

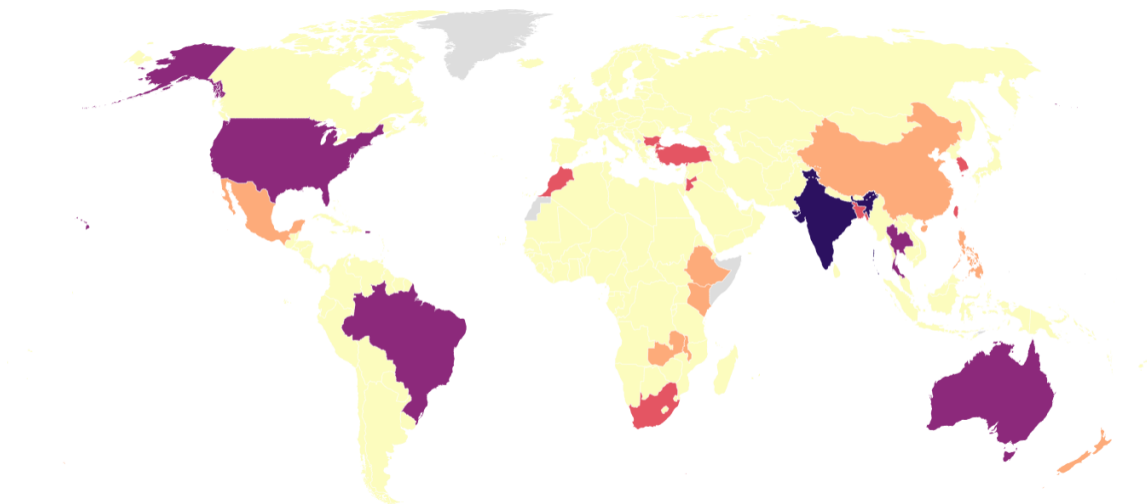
The crisis has not directly resulted in a food shortage. However access to vital fertilizers has been compromised. In 2024, up to 30% of the global fertilizer trade took place via the Strait of Hormuz. The fertilizer is widely exported from the Gulf. Over the past three years, the Gulf Countries were the biggest regional exporter of urea and ammonia, contributing 34% and 23% of the global supply of both commodities, respectively. They were also the second largest regional exporter of DAP and MAP⁷ fertilizers. Approximately 45% of Sulphur, a byproduct of oil production that is used to produce fertilizers, transits through the strait.

Data from the World Trade Organization shows that outbound shipments of these fertilizer-related products through the passage have significantly collapsed.⁸ The effective closure of the Strait of Hormuz has resulted in an increase in energy prices. High energy prices can be linked to higher agricultural costs because motor oils and liquefied gases are used to power food processing, tractors and irrigation systems.

Altogether, prices of nitrogen and phosphate-based fertilizers have steeply risen, which are passed to consumers through high food prices.⁹

Nitrogenous fertilizer exports from the Persian Gulf, 2023

Metric tons



Persian Gulf countries include Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates. Nitrogen fertilizers include anhydrous ammonia, ammonium nitrate, urea, and other nitrogenous fertilizers. Tonnages in nitrogen equivalents.

⁷ Diammonium Phosphate and Monoammonium Phosphate- Widely used Fertilizers in Global Agriculture

⁸ <https://www.ifpri.org/blog/the-iran-wars-impacts-on-global-fertilizer-markets-and-food-production/>

⁹ <https://www.csis.org/analysis/iran-fertilizer-and-food-security-risks-impacts-and-policy-responses/>

Sulphur also has a supply shortage. It is used to manufacture sulphuric acid, which is used for the processing of copper, nickel, and cobalt, as well as for the extraction of lithium. These metals are utilised in the production of batteries, which are used in everything from domestic appliances to electric vehicles to military hardware such as drones. With the supply of sulphur interrupted, prices of products containing batteries shall see a considerable increase.

Helium Gas is a byproduct of LNG processing. Helium is processed into semiconductor wafers, which are imperative for the production of microchips, used in computers, vehicles and household appliances. In the midst of the crisis, the semiconductor chip industry is the most widely attacked. The reason is that one-third of global shipments of industrial helium are exported from Qatar, via the Strait. The nation has 10.1 billion cubic meters of recoverable helium underground. However, production in the QatarEnergy LNG facilities, as well as in Shell's Pearl GTL Plant, has been shut down, following the Iranian missile and drone strikes. The Qatar government has stated that it will take at least three to five years to repair the damage. To sum up, one-third of the global helium supplies are simply halted.¹⁰

Rising instability in the region has posed serious risks for the Pharmaceutical Industry. With the disruption of air routes, the biggest risk is cold-chain medicines. These have a short shelf life and need to be kept within a specific temperature range, i.e., between 2°C and 8°C. The conflict has resulted in either spoilage of these medicines or excessive delay in delivery. Helium Gas is an essential input for cooling down MRI (Magnetic Resonance Imaging) Machines, used for over 95 million scans worldwide. Unavailability of this gas is posing serious risks for the same.¹¹ Derivatives from petrochemicals, such as methanol and ethylene, are vital ingredients in the global production of crucial pharmaceuticals, including vaccines like insulin, antibiotics and painkillers. The countries of the GCC (Gulf Cooperation Council)¹² contribute roughly 6% of global petrochemical production capacity. They export this either via the Strait of Hormuz, which is restricted, or by air. They are flown to global markets via Gulf hub airports, especially Dubai, which are now severely disrupted and attacked due to the conflict. Analysts have thus warned of the potentially higher medicine prices for households.

¹⁰<https://www.dw.com/en/iran-war-helium-semiconductor-industry-chips-oil-qatar-us-evs-smartphones/a-76380869>

¹¹ <https://thelensnola.org/2026/04/01/how-the-iran-war-is-disrupting-the-worlds-medicine-supplies/>

¹² Economic and Political Alliance consisting of Saudi Arabia, Bahrain, Kuwait, Qatar, UAE, Oman

Understanding the Causes and Effects of Energy Price Volatility

Causes of Oil Market Instability:

The severe instability seen in the global oil market is primarily driven by factors like supply disruptions, heightened precautionary demand and demand elasticity.

Supply disruptions are caused due to the inadvertent closure of the Strait of Hormuz, initially by Iran and later by the US. Due to a collapse in the maritime traffic, a loss of twenty million barrels of crude oil and petroleum was seen. Adding to this issue, the Middle East has been under unprecedented attacks. Several internationally designed terrorist organizations and proxy groups have been coordinated by the Islamic Revolutionary Guard Corps (IRGC). These include Hezbollah in Lebanon, Houthis in Yemen and Hamas & PIJ (Palestinian Islamic Jihad) in Gaza. These forces have organized several coordinated attacks on naval tankers as well as on established oil refineries such as Saudi Arabia's Aramco Oil Refinery and Kuwait's Mina Al-Ahmadi Refinery. Israel subsequently carried out targeted airstrikes at four to five oil depots and fuel facilities in and around Tehran, including the Shahrn and Karaj areas.¹³

Heightened uncertainty about future supply shortfalls triggers precautionary demand, where buyers increase their current demand for oil to hedge against future shortages. In this crisis, countries have stockpiled more crude oil as they fear future shortages. Shifts in expectations about future market conditions are reflected in observable changes in above-ground crude oil inventories.¹⁴

Demand elasticity is an economic concept that determines how much the demand for a good changes with a change in prices. If the demand is elastic, it means that the demand changes a lot when the prices fall or rise. If the demand is inelastic, it refers to the fact that demand changes very little with a change in prices.

The oil crisis represents demand inelasticity. To understand this concept better, think of a situation. Suppose 500 people live in a town and require 10 litres of water every day, per person. Now, due to a pipeline fault, half of the town's water supply is cut off. Other sources of water ask for double the price. Water is an essential commodity and is required for various domestic

¹³<https://www.ijfmr.com/papers/2026/2/73613.pdf#:~:text=The%20IEA%20Oil%20Market.Approximately%2016%E2%80%93&text=%28March%202026%29%20and%20OPEC,Approximately%2016%E2%80%93&text=an%2080Per%20cent%20collapse,Approximately%2016%E2%80%93&text=traffic%20through%20the%20Strait..Approximately%2016%E2%80%93>

¹⁴ <https://onlinelibrary.wiley.com/doi/10.1002/jae.2905>

purposes. Therefore, people cannot stop getting the supply of water. So in this case, people will still buy the water. To sum up, the demand for goods remains relatively unchanged despite higher prices. In the same way, oil exhibits relatively inelastic demand because airlines, industries, and transportation networks cannot immediately reduce their fuel consumption when prices rise.

Effect on Developing and Underdeveloped Economies:

The Strait of Hormuz crisis created a state of utter disorder worldwide, with significant imports and exports shut down and international trade nearing a standstill. In this situation, all were affected. However some were affected more severely than the others. Developing and Underdeveloped Economies are bearing the brunt of the disruption in trade.

The crisis is in the midst of the agricultural season of the Northern Hemisphere. With countries not having access to natural gas, fertilizer production is getting difficult. Sub-Saharan African Countries (Sudan, South Sudan, Somalia, Nigeria, Ethiopia) are especially at a grave risk of food insecurity. Countries in this region already suffer from food scarcity. The interruption of crop-nutrient supplies from the Gulf region further threatens harvests through the year, further pushing food prices higher. In India, Pakistan and several other countries, LNG is utilised as a feedstock for nitrogen fertilizer production. Therefore disruptions in LNG exports have worsened the fertilizer shortage. Prolonged high fertiliser prices could affect agricultural production during the Southern Hemisphere countries' planting season in late 2026 as well as Spring planting season in the Northern Hemisphere in 2027.¹⁵

Electricity Generation is an equally significant issue. Natural gas dominates the power sector of various nations. Gas-fired power generation accounts for 60%, 48% and 67% of the electricity supply mix in Thailand, Taiwan and Bangladesh respectively. Inadequate LNG supplies are likely to cause a deterioration of electricity supply security in cost-sensitive markets.

Indonesia accounts for nearly 60% of the global nickel supplies. Nickel is a key component in the production of batteries of electric vehicles. The country is facing a grave shortage of sulphur, which is used to process the metal. It is reliant on the Middle East for 75% of the sulphur it uses. As a result, several Indonesian nickel processors were forced to cut down output by at least 10% from March, 2026.¹⁶

Economic Shock to Global Stock Markets:

¹⁵<https://www.imf.org/en/blogs/articles/2026/03/30/how-the-war-in-the-middle-east-is-affecting-energy-trade-and-finance>

¹⁶<https://www.mining.com/web/indonesia-nickel-makers-trim-battery-feed-output-as-sulphur-squeeze-bites>

Imagine the following situation to understand the core concept of Stock Markets, with relevance to the agenda. Your favourite chocolate 'X' costs ₹75 when you normally buy it. However, when you go to the shop, this time, to buy the chocolate, its price has increased to ₹100 due to a variety of reasons. Now, in this scenario, as a responsible consumer, you would not buy that chocolate at the moment because of its price hike and wait for the price to come down to ₹ 75 again. In turn, the shopkeeper will earn less because of fewer sales.

Now look at this situation through the lens of the Strait of Hormuz crisis, as a nation's leader. Your favourite chocolate is Crude Oil and LNG. The prices of the commodities have skyrocketed due to a chain of events. Firstly, the closure of the Strait of Hormuz has significantly decreased the supply of these commodities from the Gulf to Asian and European countries that import them. Due to this disruption in trade, transportation and shipping costs of the same commodities have increased. Now this decrease in supply and increase in demand shall result in a definite increase in the price of the goods, according to the Law of Supply and Demand.

As a result of this price hike, you, as an importer nation's leader, will face increased costs. In turn, companies shall experience decreased profits. These events collectively will result in a decline in stock market performance, or better known as a "Stock Market Fall".

To understand the actual effect on the global stock market, some data can be considered. Prices of oil were extremely volatile and changed rapidly as uncertainties unfolded. The price of the WTI (West Texas Intermediate) Crude Oil drastically increased from \$63-\$65 per barrel, before February 28, 2026, to \$98.75 on April 13, 2026. WTI Crude Oil increased by approximately 52-57%. The highest price was seen on April 7, 2026, when it went above \$100, reaching \$113. Similarly, Brent Crude Oil also surged from \$68 to \$98, with \$112 as the highest price reached before April 13. It increased by approximately 54%.

It is important to note that Iran or any other Gulf Country does not export these crude oils. However, Brent or WTI Crude are benchmarks and are used as indicators for the global oil market performance and supply-risk possibilities. These prices thus represent the whole of the market's assessment as a result of the disruptions to the Middle Eastern Oil Exports.¹⁷

¹⁷ <https://tradingeconomics.com/commodity/crude-oil>

Article XXI of GATT (General Agreement on Trade and Tariffs)

Understanding Article XXI and Its Relevance to the Agenda:

Article XXI of GATT (General Agreement on Tariffs and Trade) is titled Security Exceptions and was written in 1947 as part of the original GATT. When GATT was enacted in 1947, Article XXI offered an exception to all WTO rules that could be exercised at the sole discretion of a member state. The drafting of the security exceptions clause was an effort to strike a balance between state sovereignty and free trade.

This article was initially designed for genuine wartime situations, keeping in mind the United States of America's situation between 1939 and 1941 where it was not involved in World War II but still found it necessary to take measures to protect its essential security interests. However, Iran has invoked this article to justify the closure of the Strait of Hormuz, while the United States of America has invoked it to justify its naval blockade on Iranian ports, collectively disrupting global trade on an unprecedented scale.¹⁸

The central problem of Article XXI is its second subpart. Article XXI (b) allows member nations to act according to their interests in commerce in one of the following three situations -

- (i) Relating to fissionable materials or materials from which fissionable materials are derived.
- (ii) Relating to the traffic in arms, ammunition and implements of war and to such traffic in other goods and materials as is carried on directly or indirectly for the purpose of supplying a military establishment.
- (iii) Taken in time of war or other emergency in international relations¹⁹.

For context, Article XX is also an article that is an exception to GATT (covers general public policy), thus the WTO can object to the invoking of this article if it is unjustifiable and a disguised restriction on global trade. However, Article XXI solely focuses on matters of national security and since the WTO is a trade organization and not a defense body, it does not have any say in such matters, hence it allows countries to take measures 'which it considers necessary' to protect its interests. This allows member nations to bypass GATT and potentially restrict international trade by disguising it as a matter of national security.²⁰

¹⁸ <https://www.congress.gov/crs-product/LSB10223>

¹⁹ https://www.wto.org/english/res_e/booksp_e/gatt_ai_e/art21_e.pdf

²⁰ <https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1916&context=njilb>

Manipulation of Article XXI during the Crisis:

Iran has stated that its closure of the Strait of Hormuz is a legitimate use of Article XXI(b)(iii), stating it as crucial for self-defence in response to a US-Israeli military attack on Iranian territory. The closure has directly affected Asian economies such as Thailand, India, South Korea, the Philippines, Pakistan, Bangladesh, and China, none of which are involved in the US-Iran-Israel conflict.

However, the WTO panel ruling in the case of Saudi Arabia's Protection of IPR (Intellectual Property Rights) of 2020, stated that harm caused to uninvolved states cannot be shielded by Article XXI. However, as mentioned above, Iran's closure harms other nations, thereby directly undermining the validity of its invocation.

The United States of America invokes Article XXI(b)(iii) to justify its naval blockade of Iranian ports, supporting the reason to protect its essential security interests in freedom of navigation.²¹ A naval blockade is an act of war under international law, not a trade measure but Article XXI was designed to cover trade-restrictive measures taken during security emergencies, not active military operations against another WTO member's ports. Allowing Article XXI to cover active military operations would represent an uncontrolled expansion of the provision.

The WTO's Appellate Body is its supreme court, responsible for reviewing panel decisions and creating binding and consistent judicial decisions.²² The United States disabled the Appellate Body in 2019 by blocking all judicial appointments. Without judges to resolve disputes, the Appellate Body ceased operations in December 2019. Without a functional Appellate Body, the losing party in a WTO dispute can now block the panel ruling simply by filing an appeal to the Appellate Body, leaving it unenforceable. As the Appellate Body lost its ability to function, it is open to exploitation and preventing resolution, resulting in members taking trade matters into their own hands. The Hormuz crisis reflects the ultimate consequence of this institutional breakdown.²³

Adding to the legal complexity, two members together have never invoked Article XXI, making this case a special and highly complex one since even if a panel rules either of the blockades as unjustifiable, either party can simply appeal the ruling in the Appellate body and the decision won't be binding, that is, there would be no protection against the misuse of Article XXI in the future.²⁴

²¹ Congressional Research Service, Iran Conflict and the Strait of Hormuz, March 11, 2026, congress.gov

²² European Parliament Think Tank, WTO Appellate Body Crisis and the MPIA, June 2024, europarl.europa.eu

²³ International Affairs, Oxford Academic, May 2025, academic.oup.com/ia

²⁴ Ian Allen, The War on Trade, 2025, scholarlycommons.law.northwestern.edu; WTO Analytical Index, GATT 1994, Article XXI, wto.org

Assessing Existing Alternative Mechanisms

Feasibility of Trade via Land and Air-based Routes:

Alternative trade routes do exist but they are extremely limited and the pipeline capacity of the routes combined cannot match the pipeline capacity of the Strait of Hormuz, making it a temporary and limited solution to this closure. Only Saudi Arabia and the UAE have operational crude pipelines that can be used as alternates, as additional capacity in other pipelines does exist but their ability to export substantial amounts of barrels has not been robustly tested.

The Abu Dhabi Crude Oil Pipeline (ADCOP) runs 400 km from Habshan to Fujairah. It has a capacity of 1.8 mb/d. Upgrades also allowed the UAE to increase exports of its lighter crude oil grades, and the use of the pipeline to the Fujairah export terminal increased. Increased use of the pipeline for day-to-day operations has limited the excess capacity available to reroute additional volumes around the Strait of Hormuz; the UAE exports only around 1.1mb/d of crude via this route, 700kb/d of crude can be exported from here amidst the closure.

The 1200 km long Abqaiq-Yanbu pipeline system crosses Saudi Arabia and connects the coastline between Abqaiq and Yanbu to the Red Sea. The system is composed of two lines with a total capacity of 5 mb/d of crude oil. In March 2025, the capacity of the system was reportedly increased to 7 mb/d. As of early 2026, about 2 mb/d of the pipeline's capacity is being used, leaving between 3 to 5 mb/d of spare capacity, depending on operational conditions and available export capacity on the Saudi West Coast.²⁵

Iran also has an alternative trade route, the Jask oil terminal. However, the port and the pipelines remain non-operational. In 2024, Iran exported less than 70 kb/d from ports using the Goreh-Jask pipeline and stopped loading cargoes after September 2024.

Even with the existence of alternate trade routes, critical vulnerabilities are still present. Even when the trade systems mentioned above work on full capacity, they cannot match the amount of crude exported through the Strait of Hormuz (20 mb/d) as the Strait has no equitable backup.

Air routes are not a viable option to replace trade occurring through the Strait due to numerous reasons -

1. The cost per barrel for air transport is significantly higher than maritime shipping since air transport incurs expenses related to fuel consumption and specialized cargo handling, making it economically unfeasible.²⁶
2. Replacing daily Hormuz traffic via air would require an unmanageable number of flights. A single supertanker carries around 2 to 4 million barrels of oil, far exceeding global air freight

²⁵ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

²⁶ <https://www.iata.org/en/programs/cargo/sustainability/benefits/>

capabilities. That, added to the aviation instability in the Gulf region due to reported attacks makes air transport an unsuitable alternative to marine routes and oil pipelines.²⁷

Evaluating Institutional Measures:

The Disruption of global trade occurring due to the closure of the Strait of Hormuz displays the vulnerability in trade due to interdependence. Governments and international organizations have developed measures aimed at mitigating supply disruptions, maintaining market stability, safeguarding maritime commerce, and ensuring energy security.

Countries that are IEA members are required to follow the system of Strategic Petroleum Reserves (SPR), a system that was created in 1974 following the oil crisis of 1973. Under this, countries have to hold oil stocks equivalent to 90 days' worth of net oil imports and be ready to collectively respond to severe supply disruptions affecting the global oil market. IEA members' stockholding structure is assessed every 5 years as part of a peer-to-peer review process to ensure compliance. Although such a system exists, it's finite - resources can eventually deplete and if the Strait remains closed for months, then the crisis will still exist²⁸

The Trade Facilitation Agreement (TFA) was enacted in 2017 after ratification by two-thirds of WTO members. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.²⁹

Multi-national bodies such as the UN specialized agency International Maritime Organization (IMO) develop rules and guidelines to improve the safety and security of international shipping, upholding navigation standards and fostering international shipping coordination. The naval partnership running in the Middle East, Combined Maritime Forces (CMF) is responsible for protecting shipping lanes and is dedicated to upholding the international rules-based order at sea. Such organizations can make maritime trade smoother during crises, however, rules do not ensure compliance, thus they do not have the power to fully prevent attacks during such incidents.

²⁷ <https://safeairspace.net/iran/>

²⁸ <https://www.iea.org/about/oil-security-and-emergency-response>

²⁹ https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.html

Evolving Methods to Ensure Trade Safety and Energy Availability during Geopolitical Conflicts

Global trade and energy security face several geopolitical challenges worldwide. Vital trade routes can be easily disrupted by armed conflicts, blockades and crises which further result in shipping delays, increased transportation expenses, and instability of energy supplies. These issues are clearly highlighted in the Strait of Hormuz. As these conflicts become more complex, governments, international bodies, and private sectors are implementing quick strategies to protect trade and energy sources.

One of the strategies that can be applied is diversifying trade and energy routes. Alternative transportation corridors are being developed to reduce dependency of miserable chokepoints. When there are issues like the Hormuz Crisis or other global tensions, new methods of ensuring trade safety and energy are necessary. They keep trade flowing. They ensure we have the energy we need, while protecting the economy around the world.³⁰

As of the Strait of Hormuz, maritime blockades present serious problems to global trade and security. As it's one of the most important energy transit routes, any interruption here can completely block the movement of oil and natural gas, resulting in shortage of supplies and drastic increase in energy prices. Furthermore, commercial ships are more vulnerable to military conflicts, attacks, and restricted access to important shipping lanes, which can cause delays and raise transportation expenses. Because of these disruptions, inflation, market instability and economic downfall becomes very common.³¹

That is why, strengthening international maritime security, cooperation via military patrols, information sharing and coordinated crisis response system becomes necessary to protect shipping routes and to ensure continuous flow of trade and energy during the phase of geopolitical tensions.

³⁰ <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

³¹ <https://www.iea.org/topics/the-middle-east-and-global-energy-markets>

Case Study

Naval Attacks of the Tanker War 1980s:

The Iran-Iraq War (1980-1988) portrayed the escalation of a conflict affecting international business and energy supply. Characterised by a huge “Tanker War”, both nations intentionally attacked oil tankers and other vessels in the Persian Gulf in 1984. Their intention was to disrupt oil exports and deliver a blow to each other’s economies. The Strait of Hormuz, a key passage for the world’s oil, was especially affected.

Iraq used fighter jets with special missiles to attack ships linked to Iran. Iran retaliated by attacking ships from countries that backed Iraq, using speedboats, missiles and naval mines. Fear spread among international shipping companies as ships from neutral countries such as Saudi Arabia and Kuwait were also attacked.

Over 400 commercial ships were damaged or hit. These attacks were repeatedly condemned by the U.N. Security Council and were the subject of a series of complaints by the United States and other neutral countries.

The situation came to international notice when, in 1987, the United States began to escort Kuwaiti oil tankers; the Tanker War became a prominent illustration of how maritime warfare may jeopardise the world's oil supplies, interfere with international trade and prompt foreign military intervention.

These situations led to an open interstate war. The 12-Day War in June 2025 put Israel’s military might on display, portraying the damage it could do to Iran’s defences and key infrastructure. Subsequently, the 2026 Strait of Hormuz Crisis, involving Iran, Israel, USA, resulted in the capture and damage of merchant ships, a decrease in global fuel and the deaths of several seamen.³²

³²<https://openyls.law.yale.edu/server/api/core/bitstreams/09fb8930-a139-48e6-b2a0-5eaac0b93a5a/content>

Conclusion and Expectations from the Delegates

It is clear from the conclusion of this thorough study guide on the committee's agenda regarding the impact of armed conflicts and maritime blockades on global trade and energy security that there is no easy solution to the kind of disruption that a crisis like the Strait of Hormuz causes to the world.

These problems further impact global supply chains, international shipping networks, food security and economic stability, which goes well beyond a local crisis. Several countries are vulnerable to geopolitical tensions and conflicts due to the concentration of key energy exports in critical transit areas.

The situation being interconnected requires us to look at the solution in a comprehensive way, rather than concentrating on one issue at a time. That is why we expect that throughout committee sessions—whether it is putting forward proposals, expressing their nation's stance, or participating meaningfully in debates, delegates give their 100%.

It is compulsory for delegates to study the provided guide and accordingly conduct research to be well-prepared for the conference. They should approach the agenda creatively and innovatively, proposing authentic and comprehensive solutions. Just by showing up and going through the motions is not everything, but by showing up with intention is everything.

Even if you don't agree with the people on the other side of the table, every discussion you have in the committee room should illustrate a sincere respect for them. You are there to defend the interests of your country but never at the expense of violating the rights of another country or disobeying the norms that the international community has decided to accept. It goes without saying that no facts or figures after the freeze date will be applicable in the committee nor will any policy changes or developments.

Beyond simply being present, delegates are expected to be active and engaged contributors throughout committee sessions. The real win is not getting everything your nation wants. The real win is walking out of that room with a decision that everyone had a hand in shaping and that the whole committee can genuinely get behind.

Questions a Resolution Must Answer

1. How can the uninterrupted flow of energy resources as well as essential commodities be ensured through critical maritime chokepoints during geopolitical conflicts?
2. What measures can nations take to reroute their trade to reduce dependence on a single trade route?
3. Should the closure of crucial trade routes be allowed on a global scale and if not, how can it be prevented in the future?
4. In what ways can developing and underdeveloped economies be helped in order to maintain access to goods that they import?
5. What are the reforms to minimise the misuse of Article XXI of GATT whilst preserving the legitimate security of nations in crisis?
6. What long-term measures can be adopted to strengthen global energy security and reduce the vulnerability of international trade to future geopolitical crises?
7. How can mitigation mechanisms be developed that are actually implementable and help nations during geopolitical conflicts, to have uninterrupted trade?

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