

The Strait of Hormuz and the Impact of Its Closure on the GCC States: Asymmetric Interdependence, Sensitivity and Vulnerability

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ABSTRACT:

The closure of the Strait of Hormuz following the outbreak of the Iran–Israel/United States war in February 2026 has produced the most severe simultaneous security and economic shock experienced by the Gulf Cooperation Council (GCC) since its establishment in 1981. Existing commentary tends to treat the six member states as a single exposed bloc, an assumption that obscures the analytically decisive fact that their exposure is structurally unequal. Drawing on Keohane and Nye's theory of asymmetric interdependence, and specifically on their distinction between sensitivity and vulnerability, this article argues that GCC members are uniformly sensitive but sharply differentiated in their vulnerability to disruption at Hormuz. Sensitivity is determined by the immediate, policy-invariant transmission of the shock through prices, war-risk premia, freight availability and fiscal revenue; vulnerability is determined by the availability and cost of effective adjustment, principally the existence of hydrocarbon export capacity that does not transit the strait. On this reading, Oman is structurally exempt, Saudi Arabia and the United Arab Emirates possess partial and capacity-constrained exits, and Qatar, Kuwait and Bahrain are effectively locked in. The article further argues that this configuration produces a specific and counter-intuitive political outcome: shared sensitivity generates strong declaratory unity at the level of collective diplomacy and mutual-defence signalling, while divergent vulnerability simultaneously fragments operational policy on energy routing, force posture and engagement with Tehran. Unity in the GCC, in other words, has been reaffirmed in rhetoric precisely where it has been strained in substance.

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1. Introduction

Few geographic features carry a comparable weight of global economic consequence relative to their physical size as the Strait of Hormuz. At its narrowest point the strait measures roughly twenty-one nautical miles across, and the

navigable deep-draught channel available to laden very large crude carriers is considerably narrower still. Through this passage moved an average of approximately twenty million barrels per day of crude oil and petroleum liquids in 2025, alongside close to a fifth of globally traded liquefied natural

gas and a substantial share of the container throughput serving the Arabian Peninsula (United States Energy Information Administration, 2026; International Energy Agency, 2026). No comparable volume of energy anywhere in the world is compelled to pass through so constricted a space, and no comparable volume is so completely without a substitute route.

For the six member states of the Gulf Cooperation Council — the Kingdom of Saudi Arabia, the United Arab Emirates, the State of Qatar, the State of Kuwait, the Kingdom of Bahrain and the Sultanate of Oman — this is not an abstraction about global markets. It's the state of their physical condition. Each of these polities is based on the rentier fiscal model, this model underlies a social contract, and each diversification programme is funded using revenues that have to travel to world markets via, or around, a waterway in which none of the six have sovereign control. The northern shore is in the custody of Iran and the southern shore is in the custody of Oman via the Musandam exclave. The other five members of the Council are, in the most literal sense, downstream of decisions taken elsewhere.

The plausibility of closure has, for four decades, been treated as a recurring but largely rhetorical threat. Iranian officials have periodically raised the prospect during moments of confrontation, and analysts have repeatedly concluded that the costs to Iran itself — which exports its own crude through the same channel — rendered execution improbable. That assessment governed regional risk planning until it was overtaken by events. Following the coordinated United States and Israeli strikes on Iran that began on 28 February 2026, and the Iranian retaliation that followed, the Islamic Revolutionary Guard Corps declared the strait closed to vessel traffic without Iranian authorisation. Shipping firms suspended transits, war-risk insurance coverage was widely withdrawn (Ulrichsen, 2026), and flows through the strait fell by roughly six million barrels per day year-on-year in the first quarter of 2026, a contraction of nearly thirty per cent

(Congressional Research Service, 2026). What had been a counterfactual became an observable condition.

This transformation is the means by which the present study is possible. As long as closure was theoretical, the differential exposure of the GCC members could be only deduced from maps of infrastructure and export statistics. Immediately after closure, QatarEnergy halted LNG production and declared force majeure; Kuwait and Bahrain reduced the production of crude oil due to limited storage facilities and alternative export destinations; Saudi Arabia and the United Arab Emirates rerouted some of their crude oil exports via Yanbu and Fujairah respectively; and Oman, which has ports outside the strait, kept shipping and offloading crude oil to a lesser degree, while simultaneously establishing a mediation platform with Tehran for the safe passage of oil (Ulrichsen, 2026; Middle East Council on Global Affairs, 2026). Six external shocks were applied to six states in a formal regional organisation, resulting in six materially different outcomes.

The central question that this article seeks to answer is just the next step from that observation. What is the impact of the Strait of Hormuz disruption on the GCC countries and is the impact the same on each of the countries? A second, political not economic, question arises from the first: What has this done to the coherence of the Council? There is a relationship between the two that is not obvious. A common threat leads to a common policy, it is easy to think. The argument here is that the connection is far less simple and that the nature of the shock (1) is uniform in terms of its immediate effects and (2) is very uneven in terms of its long-term effects, and thus at different levels of the same policy system, unity is generated as well as division.

In order to make it analytically tractable, this argument in this article adopts the framework of asymmetric interdependence developed by Keohane and Nye (2012) and the distinction they make between the dimensions of interdependence, namely its sensitivity and its

vulnerability. In this context, the use of that distinction is stark, not ornamental. Sensitivity reflects not only the speed at which a state reacts to an external shock when the current policy regime is maintained but also the cost of that response. Vulnerability is what the disruption continues to impose, even after state-level effort has been made to adjust as much as possible. The first is the degree of exposure and the second is the degree of entrapment. Applied to the GCC, the difference between the two is between superficial resemblance and structural difference, and, as such, it turns an intuition of unequal impact into a testable proposition.

The hypothesis of this study is therefore stated as follows: the closure of the Strait of Hormuz has rendered all six GCC states highly and comparably sensitive, but their vulnerability varies systematically according to the availability, capacity and cost of hydrocarbon export routes that do not transit the strait; and this divergence in vulnerability, rather than the shared sensitivity, is what determines the pattern of political convergence and divergence within the Council.

The article has been written on a consensus basis and comprises three major parts. The preceeding and following sections are analytical and historical in nature. Part of the theory of asymmetric interdependence is presented in Section 2, which also considers in detail the treatment of sensitivity and vulnerability by Keohane and Nye (2012), and situates this treatment in the subsequent literature on the weaponisation of economic networks, and translates the two concepts into observable indicators for the Gulf case. In Section 3, the authors retrace the creation of the Gulf Cooperation Council, examine the structural characteristics that affect the organisation's ability to act collectively and set out the strategic, legal and infrastructural importance of the Strait of Hormuz for each of the member states. Section 4 offers a short analytical bridge, deriving from the framework a set of ordered expectations against which the empirical record can be assessed. In Section 5, the co-author explores the Iran–Israel/United States war and how closure of

the strait would impact the GCC countries in terms of sensitivity and vulnerability as defined in this piece. The conclusion is jointly drafted.

2. Asymmetric Interdependence: Sensitivity, Vulnerability and the Politics of Chokepoints

2.1 From power politics to complex interdependence

The theoretical vocabulary employed here originates in a quarrel within International Relations theory during the 1970s. The dominant realist account, systematised most rigorously by Kenneth Waltz (1979), treated states as functionally undifferentiated units ranked by aggregate capabilities and concerned above all with relative gains and physical security. Economic relations, on this account, were derivative: they mattered insofar as they contributed to military potential, but did not constitute an autonomous domain of power.

Robert Keohane and Joseph Nye challenged this ordering of priorities in *Power and Interdependence*, first published in 1977 and subsequently revised across several editions (Keohane & Nye, 1977, 2012). Their objection was empirical before it was theoretical. The oil shocks of 1973–74 and 1979, the collapse of the Bretton Woods monetary arrangements, and the growing salience of trade and monetary disputes among advanced industrial democracies had demonstrated that states could be coerced, constrained and materially damaged through channels that involved no military instrument whatsoever. A theory that could not account for the exercise of influence by oil-exporting states over militarily superior importers was, they argued, incomplete.

Their alternative was not the abandonment of power analysis but its extension. Keohane and Nye proposed the ideal type of complex interdependence, defined by three characteristics that distinguish it from the realist world (Keohane & Nye, 2012). The first is the existence of multiple channels connecting societies — interstate, transgovernmental and transnational — such that governments are not the sole

conduits of international interaction. The second is the absence of a stable hierarchy among issues, so that military security does not automatically dominate the agenda and questions of energy, finance or trade may occupy the highest political attention. The third is the diminished role of military force as an instrument of policy among the states concerned, whether because force is prohibitively costly, domestically unpopular, or simply irrelevant to the outcome sought.

Two clarifications are essential before the framework can be applied. The first is that complex interdependence is an ideal type, not a description of the world. Keohane and Nye were explicit that real relationships fall somewhere on a continuum between the realist pole and the complex interdependence pole, and that the analytical task is to determine where a given relationship sits and what follows from that placement. The Gulf is, as Section 3 will demonstrate, a place of awkwardness: it is highly economically interdependent, has multiple modes of interaction, but military force is conspicuously present, and in 2026, effective. The framework must therefore be applied with attention to that hybridity rather than assumed to fit.

The second clarification is on the definition of interdependence itself which is the more consequential of the two. Keohane and Nye (2012) argued that interdependence is distinct from interconnectedness. Two societies can trade large quantities of material, people, and information without being analytically interdependent in any way. Interdependence can only be established when those exchanges produce costly reciprocal consequences, in other words when the break down or disruption of the relationship has an adverse real effect on both. When transactions can be cancelled without incurring great expense, what is present is connection, not dependence. The distinction has a direct bearing on the case in hand, as it is the issue of what it might cost the parties if the question of Hormuz did not exist, that is relevant to the case.

2.2 Interdependence as asymmetry: the location of power

The move that gives the framework its explanatory force is the recognition that interdependence is almost never symmetrical. Perfectly balanced mutual dependence is a theoretical limiting case with few real-world instances. In practice, one party typically depends on the relationship more than the other, and it is precisely this imbalance that constitutes a resource of political influence. As Keohane and Nye (2012) put it, it is asymmetries in dependence that are most likely to provide sources of influence for actors in their dealings with one another. The less dependent actor in a relationship possesses a bargaining advantage over a specific issue, because it can more credibly threaten to alter or terminate the relationship.

Three implications follow, each of which bears on the Gulf case. First, power in an interdependent relationship is issue-specific rather than aggregate. A state may be advantaged in one dimension of a relationship and disadvantaged in another, and there is no single index of capability that captures its overall position. Second, because power is issue-specific, actors have strong incentives to engage in linkage — attempting to transfer advantage from an issue where they are strong to one where they are weak, or resisting such transfers when they are the target. Third, the manipulation of asymmetrical interdependence becomes itself a form of statecraft, exercised through the selective withholding of access, the alteration of terms, the construction of alternatives, and the setting of agendas within international institutions.

That third implication describes with some accuracy the behaviour of the party controlling a maritime chokepoint. Control over a passage through which others must move, and through which the controller need not move on identical terms, converts a geographic accident into a political instrument. The instrument is not necessarily used through closure. It may be used through the imposition of authorisation requirements, the designation of permitted corridors, the levying of administrative charges,

the selective granting of transit to some flags and its denial to others, or simply through the credible maintenance of the threat that any of these might occur. Each of these graduated measures extracts value or compliance while remaining below the threshold that would trigger the most severe forms of retaliation.

2.3 Sensitivity: exposure within an unchanged policy framework

Keohane and Nye (2012) disaggregate interdependence into two dimensions, and the analytical yield of their framework depends almost entirely on keeping these dimensions distinct. The first is sensitivity.

Sensitivity refers to degrees of responsiveness within a policy framework: how rapidly changes originating in one part of a system produce costly changes in another, and how large those costs are, before policies are altered to address the situation. The defining condition is the phrase “before policies are altered.” Sensitivity is measured on the assumption that the affected state does nothing new — that its existing arrangements, contracts, routes, suppliers, budgets and institutional practices remain in place while the external disturbance works through them. It is, in effect, a measure of the transmission properties of a relationship held constant.

Sensitivity has three observable properties. It is characterised by speed, since a highly sensitive relationship transmits disturbance rapidly, sometimes within hours through financial and insurance markets. It is characterised by magnitude, since the size of the cost imposed varies independently of the speed with which it arrives. And it is characterised by breadth, since a disturbance may be confined to a single sector or may propagate across an entire economy through fiscal, monetary, employment and confidence channels.

The classic illustration Keohane and Nye (2012) employ is the response of industrialised states to the oil price increases of the 1970s. Every major importing economy was highly sensitive: prices rose, import bills expanded, inflation accelerated

and growth slowed, and these effects registered quickly and without regard to the political preferences of the affected governments. On the sensitivity dimension, the United States, Japan and Western Europe looked broadly alike. It is only when the second dimension is introduced that the differences among them become visible.

2.4 Vulnerability: the cost of adjustment

Vulnerability is defined as an actor's liability to suffer costs imposed by external events even after policies have been altered. Where sensitivity holds policy constant, vulnerability explicitly assumes that the affected actor has responded — that it has done what it can, as fast as it can, within the limits of what is materially available to it — and asks what residual cost remains. Vulnerability, Keohane and Nye (2012) emphasise, rests on the relative availability and costliness of the alternatives that various actors face.

To make the difference clear, let's go back to the oil. The price shock hit the U.S. and Japan equally hard, but it did not hit them equally weak. The United States had significant domestic production capacity, has the ability to increase production, had strategic stocks, and could make fuel and supplier substitutions over a period of years. Japan had few of these choices: their road of adjustment was narrow, slow and expensive. The same event therefore put a temporarily and manageable cost on one state and a structural and permanent cost on the other state. Sensitivity was what they shared in common, vulnerability was what they lacked in similarity.

Three aspects of the concept of vulnerability warrant special attention: in the Gulf case each is operationally relevant. The first is that vulnerability is fundamentally a counterfactual judgment. It asks not what has happened but what would happen if the actor pursued its best available adjustment, and it therefore requires the analyst to specify what alternatives exist, at what capacity, at what cost, and over what time horizon. The second is that vulnerability is a function of structure rather than of policy choice in the short run. An alternative export pipeline

that does not exist cannot be willed into existence during a crisis; the assets that determine vulnerability are typically the product of investment decisions taken years or decades earlier. The third is that vulnerability, and not sensitivity, is the dimension that governs power relations. Keohane and Nye (2012) say explicitly that it is the vulnerability dimension which determines who will be able to set the terms on which a relationship will continue: if an adjustment is cheap for one state it is cheap for the other, and the other can say "no" and mean it.

There is an additional repercussion that should be mentioned. Vulnerability is dependent on the costs of alternatives, so it can be reduced through investment, but over a long time frame, and often the investments that can reduce vulnerability are uneconomic to make under normal circumstances. During the time that the primary export infrastructure is in use there is unused redundant infrastructure and it is built in the absence of a risk which has not actually arisen. This leads to a systematic under-investment in resilience by those actors who are most vulnerable, and why the distribution of vulnerability in a region is often geographically and economically linked.

2.5 Extensions weaponised interdependence and chokepoint effects

The Keohane and Nye framework was developed in the context of markets and policy interactions, and a stream of subsequent writing has developed it in a line that is directly relevant in this context. The starting point of Henry Farrell and Abraham Newman's (2019) article on weaponised interdependence is that economic globalisation has not created a flat, evenly-distributed web of exchange, but networks of exchange which have stark topological asymmetries, with disproportionate amounts of traffic flowing through certain hubs. They say states with jurisdiction over such hubs gain two abilities; a chokepoint effect, in which it is possible to limit or bar access to the node, and a panopticon effect, that is, the ability to see flows moving through the node.

The connection to the current situation is clear, and there is one instructive modification. Farrell and Newman had switched to networks with institutional and jurisdictional hubs — the financial messaging networks, dollar clearing, semiconductor supply chains — where control is based on legal authority over an intangible node. The physical analogue is the Strait of Hormuz: a node of chokepoint nature as a result of bathymetry and coastline, without being a result of regulation. However, the political argument is the same. The party at the node can charge all users for using the product, can selectively charge them, and can extract bargaining leverage by being credible in making the threat. The chokepoint effect as described by Farrell and Newman (2019) is very similar to the different measures taken by the Iranian authorities since February 2026: corridors, authorisation requirements, proposed administrative fees, selective permission for vessels of certain flags (Congressional Research Service, 2026).

A literature on the durability of coercive economic instruments is related, and provides a necessary qualification (Drezner et al., 2021). People who are subjected to coercion at the chokepoints react. They come up with substitutes, spread out suppliers, build redundancy, and collectively organise to diminish the worth of the node. The effect is that chokepoint power loses strength as it is applied: every time it is used, it becomes more expensive. It can be seen in the Gulf's reaction to the current crisis, which has inspired calls for intra-GCC swap deals, extended cross-peninsula road links and the quickening of the pace of developing port facilities away from the strait (Middle East Council on Global Affairs, 2026; Ulrichsen, 2026). Whether such adaptation is sufficiently rapid to be important on the timescale of the ongoing crisis is an empirical issue that is covered later in Section 5.

2.6 Limitations of the framework

It is important to clearly articulate three limitations, both because it is an ethical requirement of the object of the science and

because each of them is relevant to the application below.

The first is conceptual, and was first raised early by Baldwin (1980). He said the difference between sensitivity and vulnerability is not as clear-cut as it seems: The line between a policy frame as is and a policy frame as changed depends on the analyst's choice. In a long time frame, it is possible to make any adjustment, and vulnerability becomes nearly zero; in a short time frame, no adjustment can be made, and vulnerability becomes sensitivity. The framework is, therefore, as stringent as the time horizon that the analyst sets. The objection is addressed in this article, by setting an explicit horizon: sensitivity is measured during days to weeks after the beginning of the disruption; vulnerability during a horizon of 6 to 24 months because during this time, the existing infrastructure is reallocated while the new one cannot be built.

The second restriction is on the treatment of the state. The first form of the framework is of states as broadly unitary economic actors who bear imposed costs. This assumption is challenged in the gulf context because the fiscal characteristics of the rentier states render the shortfall of hydrocarbon revenues visible in public political stability, through different mechanisms that vary significantly on how they will react to the shortfall, such as public employment, subsidy regimes, and distributive expectations (Hertog, 2010; Ulrichsen, 2016). The domestic impact of

two countries that are similarly exposed to exports will be very different if they have different sovereign reserves and elasticities of spending commitments. The operationalisation in the subsequent subsection is therefore a combination of fiscal buffer indicators and physical routing indicators.

The third restriction is that the framework does not pay much attention to military force. In the theatre where force is not an asset to the actors involved, but rather of decreasing importance, the assumption of complex interdependence is clearly true: the closing of the chokepoint by naval mining and the missile threat, followed by the reopening of the chokepoint by an aerial campaign, and the contestation of the chokepoint by a naval blockade. The framework is left in place not because the Gulf is complexly interdependent, but because sensitivity–vulnerability is analytically distinct from the ideal type of interdependence. One can refer to the difference to uncover differential exposure without subscribing to the idea that force is now the marginal tool, and indeed the closing of the school proves that the weaponisation of interdependence relies on force.

2.7 Operationalisation

To move from concept to evidence, each dimension must be attached to observable indicators. Table 1 sets out the operationalisation used in this study.

Table 1. Operationalising sensitivity and vulnerability for the GCC states

Dimension	Guiding question	Observable indicators
Sensitivity (days to weeks; policy framework held constant)	How rapidly and how expensively does disruption at Hormuz register in the domestic economy before any adjustment is made?	Share of hydrocarbon exports normally routed through the strait; hydrocarbon revenue as a proportion of total fiscal revenue; speed and magnitude of movement in war-risk insurance premia and charter rates for national and chartered tonnage; immediate production curtailment forced by storage saturation; disruption to aviation, tourism, logistics and transshipment sectors; movement in sovereign credit spreads and equity indices; direct physical damage to ports, terminals and civilian infrastructure.

Dimension	Guiding question	Observable indicators
Vulnerability (six to twenty-four months; best available adjustment assumed)	What cost persists after the state has redirected, substituted and drawn down to the maximum extent its existing assets permit?	Existence, nameplate capacity and spare capacity of hydrocarbon export routes that bypass the strait; loading and storage capacity at bypass terminals; whether exports are crude (pipelineable) or liquefied natural gas (not pipelineable at scale); geographic position of ports relative to the strait; dependence on seaborne imports of food, refined product and gas; fiscal breakeven price and sovereign wealth buffer relative to expected revenue shortfall; availability of overland corridors to non-Gulf coastlines; exposure of the bypass route itself to secondary interdiction.

Note: The two dimensions are assessed independently. A state may score high on sensitivity and low on vulnerability, and it is precisely this combination that the framework is designed to detect.

From this operationalisation three ordered propositions follow, which together constitute the hypothesis of the study.

- H1. Sensitivity to closure of the Strait of Hormuz is high and broadly uniform across all six GCC members, because all six derive the preponderance of fiscal revenue from hydrocarbons whose customary routing is through the strait, and because the financial, insurance and freight transmission channels operate regionally rather than nationally.
- H2. Vulnerability varies systematically and is inversely related to the availability and spare capacity of non-Hormuz export routing. The expected ordering, from least to most vulnerable, is Oman, followed by Saudi Arabia and the United Arab Emirates, followed by Bahrain, Kuwait and Qatar.
- H3. Where sensitivity is shared but vulnerability divergent, collective declaratory unity increases while operational policy convergence does not. The Council will therefore exhibit strengthened rhetorical solidarity and mutual-defence signalling alongside continued fragmentation in energy routing, force posture and diplomatic engagement with Tehran.

The third proposition is the least intuitive and the most important. It predicts that the observation of GCC unity and the observation of GCC division are not contradictory findings requiring

adjudication, but simultaneous outputs of a single structural condition operating at two different levels of policy.

3. The Gulf Cooperation Council and the Strategic Significance of the Strait of Hormuz

3.1 Antecedents: the security vacuum of the 1970s

The Gulf Cooperation Council was not the first attempt at institutionalised cooperation among the Arab monarchies of the Gulf, but it was the first to survive. Its antecedents lie in the British decision, announced in 1968 and completed in December 1971, to withdraw military forces from positions east of Suez (Gause, 2010). That withdrawal terminated a system of protective treaties that had governed the external relations of the Trucial States, Bahrain and Qatar for well over a century, and it did so on a timetable that the affected rulers had neither sought nor welcomed.

The immediate response was an effort to construct a federation of nine emirates encompassing the seven Trucial States together with Bahrain and Qatar. It failed over questions of representation, revenue-sharing and the relative weight of larger and smaller units, and the outcome was a smaller federation: the United Arab Emirates, established in December 1971, alongside separately independent Bahrain and

Qatar (Cordesman, 1997; Gause, 2010). The lesson was absorbed into the design of the institution that followed a decade later. Deep federal integration among Gulf monarchies was not achievable; a looser association preserving full sovereignty might be.

The resulting security vacuum was addressed, in Washington's conception, through the twin-pillar approach that assigned regional order to the Shah's Iran and to Saudi Arabia. From the Arab Gulf perspective this elevated a non-Arab, numerically preponderant neighbour to the position of guarantor, and did so immediately after that neighbour had seized the Greater and Lesser Tunbs and Abu Musa in November 1971 — a dispute that remains unresolved and politically live in the United Arab Emirates today. The monarchies thus entered the 1970s with an external guarantor they distrusted and no collective instrument of their own.

3.2 The 1979–1981 conjuncture

Four developments in rapid succession converted a latent interest in cooperation into an urgent one. The Iranian revolution of February 1979 replaced a monarchical rival with a revolutionary republic explicitly committed to the export of its political model and openly contemptuous of hereditary rule as a form of government — a challenge directed not at the borders of the Gulf monarchies but at their legitimating principle (Partrick, 2011). In November of the same year, the seizure of the Grand Mosque in Mecca by armed Salafi insurgents demonstrated that the domestic security of even the largest Gulf state could not be assumed. In the same weeks, disturbances among the Shia population of Saudi Arabia's oil-bearing Eastern Province linked internal sectarian grievance to the new regional environment. In December 1979 the Soviet invasion of Afghanistan brought superpower ground forces within striking distance of the Gulf, prompting the Carter Doctrine of January 1980 and its declaration that outside control of the Persian Gulf region would be resisted by force.

The final and most consequential development was the outbreak of the Iran–Iraq war in September 1980. The war placed sustained combat operations directly adjacent to the oil infrastructure of Kuwait, Saudi Arabia and Bahrain, threatened the shipping lanes on which all six prospective members depended, and confronted the monarchies with the choice of supporting a secular Ba'athist aggressor or a revolutionary theocracy. It also removed, for the foreseeable future, any possibility that either of the two large regional powers could serve as guarantor of Gulf security.

It is worth registering what this conjuncture implies for the character of the resulting institution. The Council was formed under conditions of acute threat, by six dynastic regimes whose primary concern was regime survival rather than economic optimisation (Barnett & Gause, 1998), and whose principal shared characteristic was a form of government that both large neighbours rejected. Its founding purpose was defensive and its founding logic was preservationist. This inheritance shapes its behaviour under stress in ways that Section 5 will need to account for.

3.3 The Charter and institutional architecture

The text of the Charter was agreed by the foreign ministers of the six states meeting in Riyadh on 4 February 1981 and signed by the heads of state in Abu Dhabi on 25 May 1981, entering into force later that year. The Abu Dhabi Declaration issued at the founding summit grounded the creation of the Council in what it described as historical, social, cultural, economic, political and strategic imperatives, and the Charter's statement of objectives in Article 4 committed the members to coordination, integration and interconnection across all fields with the stated aim of achieving unity, to the deepening of ties among their peoples, to the formulation of similar regulations across economic, financial, commercial, customs, communications, educational and cultural affairs, and to the advancement of scientific and technical progress (Cooperation Council for the Arab States of the Gulf, 1981).

One feature of the founding text is analytically significant and frequently overlooked: the Charter contains no defence clause (Cooperation Council for the Arab States of the Gulf, 1981; Legrenzi, 2011). Despite the fact that the Council was established in response to a security emergency, its enabling bylaw is couched in the terms of economic and social coordination. Security cooperation was then evolved, piecemeal and via individual agreements. It wasn't due to negligence or modesty. In 1981, an explicit commitment of collective defence would have forced the signatories to decide a stance on the war between Iran and Iraq, a stance which some of them, notably Oman, were unwilling to commit to. The omission expressed a strategic ambiguity preference which has proven lasting.

There are four main bodies in the institutional structure. The Supreme Council consisting of the heads of state, presided upon in rotation each year in ordinary session, is the top decision making body, acting by consensus on substantive issues. The Ministerial Council of foreign ministers holds four times a year and draws up the agenda. The Secretariat-General in Riyadh coordinates and conducts administration. There is a Commission for the Settlement of Disputes but it has been largely dormant in practice.

3.4 Economic and security integration: achievement and limit

The record of institutional development is substantial and is summarised in Table 2. Economic integration proceeded through the Unified Economic Agreement adopted at the Riyadh summit of November 1981 and ratified

the following year, which committed members to free movement of goods of national origin and to the progressive removal of barriers to services and capital. A customs union followed in 2003, a common market was declared in 2008, and a regional electricity interconnection was commissioned in 2009. Monetary union, however, failed to take off; Oman dropped out of the project in 2006, and the United Arab Emirates in 2009, while a Gulf Monetary Council was introduced in Riyadh in 2010, a single currency has never been put in place (Legrenzi, 2011; Ulrichsen, 2016).

The process of security integration was almost parallel, with formal advance and operational constraints. The Peninsula Shield Force was established in 1984 with a headquarters at Hafr al-Batin in northern Saudi Arabia. Its inability to affect the outcome of the Iraqi invasion of Kuwait in 1990 confirmed what its size and composition had already suggested, and the lesson each member drew was to deepen bilateral defence arrangements with the United States rather than to strengthen the collective instrument. A Joint Defence Agreement incorporating a mutual assistance provision was concluded at the Manama summit in December 2000, and the creation of a unified military command was endorsed at Kuwait City in 2013. The sole substantial operational deployment of the Peninsula Shield Force occurred in March 2011, when a predominantly Saudi and Emirati contingent entered Bahrain in support of internal security — an intervention directed at domestic unrest rather than external attack (Guzansky, 2015).

Table 2. Selected institutional milestones of the Gulf Cooperation Council

Year	Development
1981	Charter agreed by foreign ministers at Riyadh (4 February) and signed by heads of state at Abu Dhabi (25 May); Unified Economic Agreement adopted at the Riyadh summit in November.
1984	Establishment of the Peninsula Shield Force, headquartered at Hafr al-Batin.

Year	Development
1990–91	Iraqi invasion and occupation of Kuwait; collective defence capacity proves inadequate; members deepen bilateral security arrangements with the United States.
2000	Joint Defence Agreement concluded at the Manama summit, incorporating a mutual assistance provision.
2003	Customs union enters into force; intra-GCC tariffs eliminated.
2006–09	Oman (2006) and the United Arab Emirates (2009) withdraw from the monetary union project.
2008–09	Common market declared; GCC Interconnection Authority electricity grid commissioned.
2011	Peninsula Shield Force deploys to Bahrain in support of internal security — its principal operational deployment to date.
2013	Supreme Council endorses the creation of a unified military command at the Kuwait City summit.
2014	Saudi Arabia, the United Arab Emirates and Bahrain withdraw ambassadors from Doha.
2017–21	Diplomatic and economic blockade of Qatar by four Arab states; resolved by the Al-Ula Declaration in January 2021.
2025	Iranian missile strike on Al Udeid Air Base in Qatar following United States and Israeli strikes on Iran — the first direct Iranian attack on the territory of a GCC state; extraordinary GCC meeting in Doha pledges solidarity.
2026	Outbreak of the Iran–Israel/United States war on 28 February; de facto closure of the Strait of Hormuz; Iranian strikes on all six member states; Jeddah summit of 28 April affirms that an attack on one member constitutes an attack on all.

Two structural conclusions follow from this record. The first is that GCC integration is broad in scope but shallow in binding force, and that its instruments have consistently been strongest in economic coordination and weakest in operational security. The second, and more directly relevant, is that security has been bilateralised rather than collectivised. Each member contracted separately with Washington — the United States Fifth Fleet at Manama, the

forward headquarters of Central Command at Al Udeid in Qatar, facilities at Ali Al Salem and Camp Arifjan in Kuwait, Al Dhafra in the United Arab Emirates, Prince Sultan Air Base in Saudi Arabia. The consequence is that in a crisis each member possesses an independent channel to the external guarantor and therefore an independent set of options. A structure of six bilateral relationships does not aggregate into one collective relationship, and it produces divergent

incentives at precisely the moment when convergence would be most valuable (Nonneman, 2005; Ulrichsen, 2026).

3.5 The Strait of Hormuz: geography, traffic and legal regime

The Strait of Hormuz is the link between the Persian Gulf and the Gulf of Oman and subsequently the Arabian Sea and the Indian Ocean. It is bordered by the Musandam Peninsula (an exclave of the Sultanate of Oman) in the south and Iranian in the north. The narrowest point of the strait is about twenty-one nautical miles, but this is by no means an accurate reflection of its narrowness as a practical consideration. The lanes are separated by an internationally agreed separation plan, comprising inbound lanes and outbound lanes, each approximately 2 nautical miles in width, with a buffer area in between of comparable width, and the draft requirements of loaded very large crude carriers further limit this. The manoeuvring space genuinely available to the tonnage that matters is therefore a small fraction of the cartographic width — which is what renders the strait susceptible to interdiction by mining, by anti-ship missile fire from the northern littoral, and by the massed small-craft tactics for which the Revolutionary Guard naval forces are configured (Talmadge, 2008).

The volumes involved establish the global stakes. United States Energy Information Administration (2026) data record flows of 20.7 million barrels per day of crude oil and petroleum liquids through the strait in 2024 and 20.9 million barrels per day across the first half of 2025. The International Energy Agency (2026) places the 2025 annual average at approximately 20 million barrels per day, of which close to 15 million barrels per day was crude — some thirty-four per cent of global seaborne crude trade. The gas is more concentrated still: nearly ninety-three per cent of QATAR's liquefied natural gas exports and nearly ninety-six per cent of those of the Emirates of Abu Dhabi pass through the strait, making it close to one-fifth of global LNG trade. Gulf terminals are currently served by about thirty-three million twenty-foot equivalent units

per year of container traffic, of which Jebel Ali serves as the region's main transshipment port with some fifteen and a half million container moves each year (Congressional Research Service, 2026).

An additional comment should be made in its own right as it is often forgotten. Saudi Arabia and its Gulf neighbours control the vast bulk of the world's spare crude production capacity—the buffer that global markets depend on to cope with disruptions in supply from elsewhere—and are thus in the same bind. A Hormuz closure is not only a withdrawal of supply, but also an elimination of the mechanism that would otherwise be used to compensate for the withdrawal of supply. This compounding property sets Hormuz apart from all other maritime chokepoints, and is a key reason for the size of the price response seen in 2026, in which Brent rose from about seventy-one dollars per barrel on 27 February to ninety-four dollars on 9 March (Congressional Research Service, 2026), and further still after that.

The legal situation is not an uncontroversial one and the questioning of the legal situation is a strategic asset in itself. Under the 1982 United Nations Convention on the Law of the Sea, the Strait of Hormuz constitutes a strait used for international navigation and is governed by the regime of transit passage set out in Articles 37 to 44 (United Nations, 1982). Transit passage may be exercised by all ships and aircraft, including warships, without prior authorisation, and Article 44 provides expressly that it shall not be suspended. Iran, however, signed the Convention in 1982 without ratifying it and declared upon signature that the navigational provisions accrue only to states party; its 1993 Marine Areas Act asserts further restrictions on foreign military activity in the surrounding waters. Under the Convention Oman ratified in 1989 with an interpretation that defined passage through the strait by foreign warships as innocent passage, not transit passage, and that foreign warships could not pass without the prior granting of permission. The United States is not a party to the Convention but does recognize that transit

passage is customary international law which is binding for both parties and non-parties (Kraska, 2014).

The territorial seas of Iran and Oman overlap over the strait, and there is no high sea zone passing through the strait, so the entire strait is under the jurisdiction of the coastal states under one or another definition. The implication of this uncertainty is that it provides Iran with a toolbox of options short of closure. The creation of approved corridors, demanding authorisation, imposing transit fees and approving transit selectively by flag can be each offered as a coastal state competency and not an improper

withholding of passage (Kraska, 2014). This is the chokepoint effect in its graduated form, and it is precisely the pattern that has characterised Iranian conduct since February 2026 (Farrell and Newman, 2019; Congressional Research Service, 2026; United Nations Security Council, 2026).

3.6 Differential exposure: why the strait matters unequally

The foregoing establishes why Hormuz matters to the GCC collectively. The remainder of this section establishes why it matters to each member differently, which is the proposition on which the study turns. Table 3 summarises the structural position of each state.

Table 3. Structural exposure of GCC member states to closure of the Strait of Hormuz

State	Principal hydrocarbon export outlet	Non-Hormuz alternative and its limits	Expected vulnerability
Oman	Terminals on the Gulf of Oman and Arabian Sea coast (Sohar, Duqm, Salalah, Mina al-Fahal).	No alternative required. The entire export system lies outside the strait. Musandam gives Oman co-riparian standing and a diplomatic channel to Tehran.	Very low — structurally exempt.
Saudi Arabia	Ras Tanura, Ju'aymah and other Gulf-coast terminals.	East–West Petroline to Yanbu on the Red Sea, nameplate capacity to around five to seven million barrels per day. Yanbu loading and storage capacity was not designed for that throughput; the Red Sea route is exposed to secondary interdiction at Bab el-Mandeb; and the pipeline itself has been demonstrated to be targetable.	Moderate — partial, capacity-constrained exit.
United Arab Emirates	Gulf-coast terminals; Das Island for LNG.	Habshan–Fujairah (ADCOP) pipeline to the Gulf of Oman, approximately 1.5–1.8 million barrels per day, already in routine use with limited spare capacity. Fujairah provides storage and bunkering outside the strait. LNG exports have no bypass.	Moderate — partial exit for crude, none for gas.

State	Principal hydrocarbon export outlet	Non-Hormuz alternative and its limits	Expected vulnerability
Bahrain	Sitra terminal; refined product exports.	No bypass route. Refinery feedstock arrives overland from Saudi Arabia, but product export is seaborne through the strait. Smallest fiscal buffer and highest breakeven of the six.	High — no exit, thin buffer.
Kuwait	Mina al-Ahmadi and associated Gulf terminals.	No bypass route. Compounded by dependence on seaborne LNG imports, on the order of seven billion cubic metres in 2025, arriving through the same strait — simultaneous export and import exposure.	High — no exit, bidirectional exposure.
Qatar	Ras Laffan; liquefied natural gas.	No bypass route and, critically, none constructible. LNG cannot be substituted onto pipelines at export scale. Roughly ninety-three per cent of exports transit the strait.	Very high — locked in by commodity as well as geography.

Sources: EIA and IEA chokepoint data; regional pipeline capacity assessments (United States Energy Information Administration, 2026; International Energy Agency, 2026; Ulrichsen, 2026). All figures have to be re-checked at proof stage as the situation is still active.

From the table, there are two observations. The first is about the regional capacity. The combined non-Hormuz pipeline throughput in the region is estimated to be between 3,500,000 and 5,500,000 bpd, which would include the Iraq-Türkiye pipeline, which will be incrementally reopened (Middle East Council on Global Affairs, 2026). The alternative infrastructure can handle at best a quarter of the customary flow, measured against some twenty million barrels per day, and only if all the lines are running at their nameplate rating, and loading terminals are able to accept the flow. The regional bypass was not intended to replace the strait, rather, it was designed to supplement the strait on the margins.

The second observation is of the nature of the commodity. LNG isn't fungible or pipelineable, crude oil is. The state that generates most of its revenue from exports of LNG can't build a

bypass of any scale that will be relevant in the event of a crisis, because the reason for this is not that there's no pipeline, but because it's physically impossible to replace a pipeline with a liquefaction and shipping route. Qatar's vulnerability is consequently greater than that of Kuwait or Bahrain: the former has no infrastructure that in theory could be fixed, while the latter has a property of the commodity. This separation can only be seen when looked at on the percentage of exports that pass through the strait, and is one of the more obvious examples of why the vulnerability dimension can't be boiled down to a routing number.

3.7 Precedent: the recurrent threat and its execution

The strait has been contested before, and that record is what made the 2026 closure so widely discounted in advance. During the Tanker War

phase of the Iran–Iraq conflict between 1984 and 1988, several hundred merchant vessels were attacked, prompting the reflagging of Kuwaiti tankers under the United States flag and culminating in direct naval engagement between American and Iranian forces in April 1988; traffic was harassed and insured at punitive rates, but never halted (Talmadge, 2008; Congressional Research Service, 2026). In 2019, attacks on tankers off Fujairah and in the Gulf of Oman, together with the seizure of a British-flagged vessel, again raised the prospect of interdiction without producing it. In June 2025, following United States and Israeli strikes on Iran, Tehran struck the Al Udeid air base in Qatar — the first direct Iranian attack on the territory of a GCC state, prompting an extraordinary meeting in Doha at which members pledged full solidarity with Qatar (Ulrichsen, 2026).

The pattern across four decades was therefore one of recurrent threat, occasional harassment, and consistent non-execution, sustained by the reasonable inference that Iran had no interest in closing a waterway through which its own exports moved (Talmadge, 2008). That inference held until the calculation changed. Once Iranian export capacity was itself degraded and the state was under direct attack, the cost of closure to Iran fell relative to its coercive value, and the instrument that had been held in reserve for forty years was used.

The analytical importance of this sequence is that it converts the present crisis into a rare natural experiment. For four decades the vulnerability of GCC states to closure could only be modelled counterfactually, and the models were never tested. Since February 2026 the counterfactual has been realised, the adjustment behaviour of each state is observable, and the residual costs after adjustment can be measured rather than estimated. The framework set out in Section 2 can therefore be applied to evidence rather than to inference — which is the opportunity the following section exploits.

4. Analytical Bridge: Expectations for the Empirical Analysis

The theoretical framework and the structural account developed above generate a specific set of expectations against which the empirical record of the 2026 crisis can be assessed. They are stated here in order to make the analysis that follows falsifiable rather than illustrative.

On the sensitivity dimension, the expectation is convergence. All six members should exhibit rapid and severe transmission of the shock: immediate withdrawal or repricing of war-risk cover, sharp movement in freight and charter rates, production curtailment forced by storage saturation where no outlet exists, disruption to aviation, tourism and logistics, and pressure on fiscal projections. Sensitivity should not discriminate meaningfully among members, and a finding that it does would weaken H1.

On the vulnerability dimension, the expectation is systematic divergence in the order set out in Table 3. Specifically: Oman should exhibit minimal residual cost and may register net gains in transshipment and mediation standing; Saudi Arabia and the United Arab Emirates should exhibit partial recovery of export volume constrained by bypass terminal capacity rather than by pipeline capacity; and Bahrain, Kuwait and Qatar should exhibit persistent and largely irrecoverable export loss, with Qatar's loss the most complete because it is commodity-determined. A finding that vulnerability tracked wealth, military capability or threat perception rather than routing structure would weaken H2.

On the political dimension, the expectation is stratification rather than a single directional movement. Declaratory unity should strengthen: collective statements, mutual-defence affirmations and summit-level solidarity should be more emphatic than at any point since the Al-Ula reconciliation (Middle East Council on Global Affairs, 2026), because such affirmations are costless to the least exposed member and valuable to the most exposed. Operational convergence should simultaneously weaken: energy routing decisions should be taken

nationally rather than collectively, force posture and hosting arrangements should continue to be negotiated bilaterally with Washington, and diplomatic engagement with Tehran should diverge, with Oman and to a lesser extent Kuwait and Qatar maintaining channels that Saudi Arabia and the United Arab Emirates decline (Kuik, 2016; Ulrichsen, 2026). Evidence of binding collective commitments in the energy or defence domain — an operational swap mechanism with enforcement, a genuinely unified command, a common position on Iranian transit conditions — would weaken H3.

5. Understanding sensitivity, vulnerability and fragmented regionalism, GCC States, different interests and vulnerabilities

The effects of the 2026 Hormuz Crisis on the six GCC member states vary in degree. In this subsection, the reasons why the crisis's effects on the member states are not evenly distributed will be examined within the framework of the concepts of "sensitivity" and "vulnerability." Subsequently, the causes of this uneven vulnerability and the effects of such disparities on regional integration will be explored.

As one of the key members of the GCC, Saudi Arabia has aimed to develop its economic tools and reduce its dependence on hydrocarbon revenues within the framework of the Vision 2030 goals. In this context, Vision 2030 serves as a policy roadmap aimed at diversifying the economy and attracting both local and international investors to Saudi Arabia. Vision 2030 aims to drive transformation through structural and comprehensive reforms in the public sector, the economy, and society. (Saudi Vision 2030 n.d.). One of the significant developments that put this political vision to the test was the 2026 Hormuz Crisis.

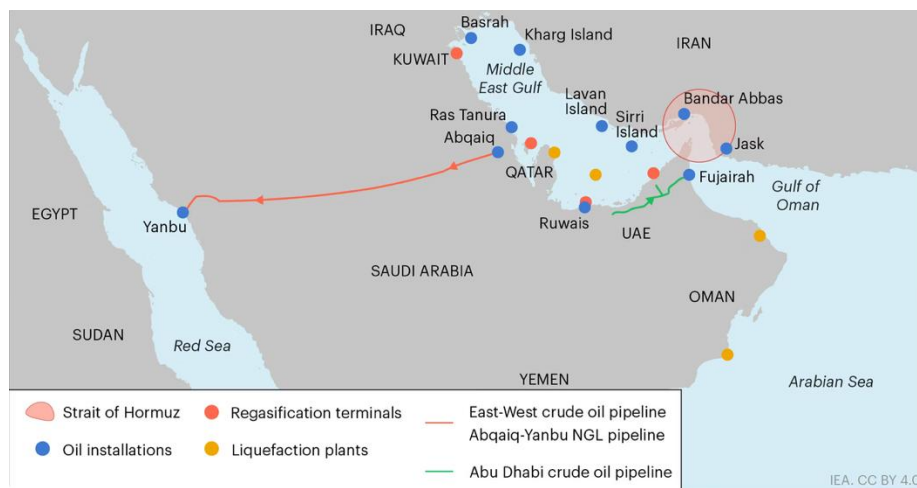
Following the closure of the Strait of Hormuz and the ensuing crisis, the Red Sea has become one of the key routes of interest for Saudi Arabia. Consequently, maritime and land corridors connecting its western ports to the markets of GCC member states have come to the fore. Logistics networks established in locations such as Neom and Yanbu could enhance Saudi

Arabia's regional role. Similarly, Djibouti could also be among the alternatives available to Saudi Arabia (Raad and Mounhi 2026, p. 2). The Jeddah Islamic Port, which accounts for 75% of Saudi Arabia's trade, recently announced that it will host two new maritime transport services through partnerships with global shipping companies Maersk and Hapag Lloyd. With these new developments, the port is expected to connect to nine major regional and international ports (Usanmaz 2026). On Saturday, March 7, the Qatar Chamber of Commerce announced that it would facilitate the movement of goods across the land border between Saudi Arabia and Qatar and called on shipping companies operating in the country to register with the International Road Transport (TIR) system. This aims to limit the impact of the de facto closure of the Strait of Hormuz on Qatari businesses. As of today, traffic through the Strait has come to a complete standstill; only two ships not linked to Iran or Russia have been spotted in the waterway over the past 24 hours. The statement, supported by Qatar Chamber President Sheikh Khalifa bin Jassim Al Thani, was issued in collaboration with the General Directorate of Customs. The statement indicated that alternative solutions would be offered, including customs facilities designed to support the private sector and the expedited completion of customs procedures at the Saudi Arabian land border. Saudi Arabian ports in the Strait of Hormuz and the Red Sea offer an alternative for Qatari traders (Usanmaz 2026).

Although Saudi Arabia has diversified its economy through other sectors, the security of oil pipelines remains crucial. The combined capacity of the oil pipeline connecting to Saudi Arabia's Red Sea terminal in Yanbu and the United Arab Emirates' Abu Dhabi Oil Pipeline (ADCOPP) accounts for approximately 31% of the flow through the Strait of Hormuz during peacetime (as cited in Berahad and Emran 2026, pp. 7–8). Within the framework of Saudi Arabia's Vision 2030 projections, the country aims to reduce the risk of conflict and diversify its logistics by utilizing the Yanbu and Al Muajjiz terminals to bypass the Strait of Hormuz

(Albimani and Kardaş 2026, pp. 5–6). In line with this objective, Saudi Arabia has also invested in the East-West Pipeline, also known as Petroline. The pipeline, with a capacity of 7 million barrels per day, transports crude oil to alternative export infrastructure in Yanbu on the Red Sea coast. Saudi crude oil exports, which were slightly above 7 million barrels before the war, fell to an average of 3.5 million barrels per month in March, a decrease of approximately half. Although Aramco's revenues declined in March 2026, they remained at the \$18 billion level (Krane and Alexander 2026, p. 3). This is because oil exports from Yanbu, which stood at 2 million barrels before the war began, rose to over 5 million barrels in early June 2026, as Saudi Arabia increased deliveries from its overseas stockpiles (Bosoni et al. 2026). The Saudi economy is demonstrating agility and resilience, supported by its strong and diversified infrastructure and the concerted efforts of authorities to reroute shipments and alleviate logistical bottlenecks. The rapid rerouting of oil via the East-West pipeline and Red Sea ports, combined with Aramco's overseas stockpiles, helped limit the

decline in oil deliveries. Saudi Arabia's strong fundamentals—low public debt, ample reserves, and a large sovereign wealth fund—provide significant buffers (IMF, 2026a). Aramco reported a 44% increase in net income to \$32.69 billion during the three-month period ending June 30, as it benefited from higher prices for crude oil, refined products, and chemicals while rerouting shipments away from the Strait of Hormuz. Aramco CEO Amin Nasser stated, "Despite the unprecedented supply disruption in the Strait of Hormuz, we continued to demonstrate our ability to maintain business continuity by leveraging our diversified asset base and multi-year planning" (El Dahan and Sarah El Safty 2026). Although there were disruptions in the supply chain in the Red Sea following the Houthis' blockade on July 20, 2026, according to Nasser's statement, the targeting of Aramco facilities had no significant operational or financial impact. He noted that Aramco's storage capacity, export terminals, and ability to increase exports via the East-West Pipeline were key factors in this regard (El Dahan and Sarah El Safty 2026).



For Map: (IEA 2026)

As can be seen from the map above, the Abqaiq-Yanbu pipeline system (East-West Crude Oil Pipeline or Petroline) crosses Saudi Arabia from end to end, connecting Abqaiq to Yanbu on the Red Sea coast. The system consists of two lines with a total design capacity of 5 mb/d of crude oil. Although Aramco reported in March 2025 that it had increased capacity to 7 mb/d,

sustainable flows at this level have not yet been tested. In early 2026, it is estimated that approximately 2 mb/d of the pipeline's capacity is being utilized, with spare capacity ranging from 3 to 5 mb/d, depending on operational conditions and Saudi Arabia's current export capacity on the West Coast. (IEA 2026). Preliminary GDP figures showed that the

kingdom's economy contracted by 4.8% year-over-year in the second quarter; this was the sharpest contraction since the pandemic began. Meanwhile, Saudi Aramco, in a new development, reported adjusted net income of \$33.4 billion, a 33% increase from the previous year. Riyadh's economy is shrinking even as its main financial driver grows rapidly. (Mills 2026)

One of Saudi Arabia's disadvantages in the Hormuz Crisis is its relationship with the United States. Unlike Kuwait and Bahrain, which placed their trust in the USA, Saudi Arabia was negatively affected by the tensions between the USA, Israel, and Iran and sought to take steps to ensure its own security. Saudi Arabia thus began pursuing policies aimed at becoming a regional power. From this perspective, although it maintains relations with the USA, it aims to overcome its chronic dependence on Washington (Rasheed 2026, p. 17). Following the outbreak of the Iran war in February, Riyadh kept communication channels open with Tehran and called on Washington to de-escalate tensions, pursue diplomacy, and end the war. By keeping communication channels open with Tehran, Riyadh sought—with some success—to protect itself from the kind of retaliation Iran might direct at the UAE, which has openly supported the USA-led war. This restraint also strengthened Saudi diplomacy with the Houthis and helped preserve a fragile ceasefire (Bianco 2026). Although missiles could directly target critical infrastructure in Saudi Arabia and the Persian Gulf, Iran will likely continue to carry out sporadic attacks before engaging in direct conflict. One option is cyberattacks. Although Aramco has enhanced its cybersecurity defenses, these systems remain vulnerable to attack. Shamoon, a destructive malware linked to Iran through the state-sponsored cyberattack group APT33 (or Elfin), contains a file-wiping program (Trojan.Filerase) that deletes files on an infected computer and then renders the computer inoperable by erasing its master boot record (MBR). Shamoon has been used to target oil and gas infrastructure in Saudi Arabia and the United Arab Emirates. (Bianco 2026).

In addition to Saudi Arabia, the UAE is one of the GCC members that has been negatively affected by the Hormuz Crisis but is seeking alternatives to resolve the crisis. The UAE holds a significant position not only in the region but also globally, particularly in the aluminum sector. Emirates Global Aluminium in the UAE is among the world's largest aluminum alloy facilities; this plant produces sheet metal for car and aircraft bodies and conducts recycling operations. Steel producers in the Gulf, including those in the UAE, also export beams and columns for use in the construction and infrastructure of developing countries (Rasheed 2026, p. 6). Thus, it is evident that the ripple effects of the closure of the Strait of Hormuz are not limited to crises in hydrocarbon products.

However, one of the UAE's critical post-crisis moves was its withdrawal from OPEC on April 28, 2026. Although this move may seem unexpected, it has a specific background. At its core are the competition with Saudi Arabia and OPEC's restrictions on the UAE's oil exports. The rivalry with Saudi Arabia emerged during the war with Iran and persisted despite the conditions of the war. Indeed, the UAE announced its decision to withdraw from OPEC on the very day the Gulf Cooperation Council (GCC) Summit was held in Saudi Arabia (Berahad and Emran 2026, p. 9). The UAE emphasized that it had carefully assessed global market conditions, regional developments, and logistical risks—including disruptions in the Strait of Hormuz and tensions related to Iran. Following consultations with relevant stakeholders, the UAE concluded that pursuing a more independent production strategy would better serve its long-term interests (Al-Aboudi 2026, p. 2). The UAE utilized the Abu Dhabi Crude Oil Pipeline (ADCOP) as an alternative to the Strait of Hormuz. This pipeline is 400 km long, stretching from the onshore oil facilities in Habshan to Fujairah. The pipeline's original nominal capacity was 1.5 mb/d, and its reported current capacity is approximately 1.8 mb/d. The UAE exports approximately 1.1 mb/d of domestic crude oil via this route and has capacity reserves for up to 700 kb/d of additional volume

in the event of a closure of the Strait (IEA 2026). Nevertheless, the UAE's dependence on the Strait of Hormuz persists. In February, it pumped 3.47 million barrels of crude oil per day. However, in March, this figure dropped to 1.91 million barrels per day due to supply constraints through the Strait of Hormuz (Mitchell and Holtmeier 2026). The UAE's efforts to overcome its dependence on the Strait of Hormuz have not been limited to the hydrocarbon sector. The UAE is also planning an economy focused on artificial intelligence and next-generation technologies (Al-Aboudi 2026, p. 3). In this context, the UAE's non-oil private sector recorded its fastest growth rate in the past four months in July, with the PMI (Purchasing Managers' Index) rising from 50.8 in June to 52.7. New orders posted their fastest increase since February, while export activity rose for the first time since March and at the fastest pace in the past year. However, while employment in the country is rising, business confidence is declining due to uncertainty in the Strait of Hormuz (Mills 2026).

Oman's foreign policy during and prior to the Hormuz Crisis—which focused on diplomatic approaches rather than the Saudi Arabia–UAE rivalry within the GCC—is noteworthy. Geostrategically, Oman is the state located on the other side of the Strait of Hormuz. Consistent with this role, Oman aims to resolve the Hormuz Crisis through diplomacy and mediation efforts. Oman's foreign policy is often described as exceptionally peaceful, and Omanis are portrayed as “everyone's friend, no one's enemy” (Worrall 2021, p. 135). This characterization is supported by both the roles Oman has assumed in intra-GCC crises and its special relationship with Iran. Oman's mediating role in the 2017 Qatar crisis and the Iranian nuclear issue underscores the Sultanate's foreign policy priorities. These priorities lead Oman to conduct mediation activities independently of GCC cooperation and commitments (Zibaei and Ahmedi 2026, p. 365). As a GCC member, Oman provided logistical support to prevent Qatar from being affected by the GCC blockade. Oman, along with Kuwait, demonstrated that they were distancing

themselves from the other three GCC members and were working to defuse the conflict by assisting Qatar within the GCC (Zibaei and Ahmedi 2026, p. 367). The foundation of Oman's relations with Iran also dates back to the Cold War era. This is due to Iran's assistance to Oman in suppressing the Dhofar Rebellion, which lasted from 1960 to 1976, as well as the close ties that have spanned centuries. Indeed, the solid foundation of relations between the two states is evident in the fact that bilateral ties have remained unchanged despite the regime change in Iran. Additionally, in 2024, the two countries conducted military exercises in Oman's Jabal Akhdar region (Telci 2026). Oman's policy of deliberate neutrality has helped the country navigate the uncertainties arising in the Strait of Hormuz while also ensuring the preservation of a sense of national security and continuity (Rasheed 2026, p. 17). Indeed, Oman has emerged as a key actor in the negotiation process between the USA and Iran and served as a mediator on February 6, 2026. Oman's mediation efforts were also described by Iranian Foreign Minister Abbas Arakchi as “a good start” (Motamedi 2026). Oman's mediation efforts were not limited to the Iran-USA relationship; it also played a significant role in securing a ceasefire between the Houthis and the USA in May 2025 (Albimani and Kardaş 2026, p. 7). Despite its close ties with Iran, Oman opposes Iran's acquisition of nuclear weapons but supports its pursuit of nuclear energy through peaceful means and emphasizes the importance of diplomatic processes in this regard (Foreign Ministry of Oman 2025).

In addition to mediation efforts, Oman aims to use alternative ports to avoid being negatively affected by the Hormuz Crisis. Ports centered in Salalah, Solah, and Duqm are among Oman's alternatives (Raad and Mounhi 2026, p. 2). Any escalation of Houthi activities in the Red Sea could partially increase the importance of Omani trade and logistics hubs such as Duqm. However, being at a strategic distance from the Bab el-Mandeb and the Strait of Hormuz does not eliminate all risks for Oman. The commercial port facilities in Duqm were exposed to attacks

during the conflict, though the damage to the facilities was limited (Mogielnicki 2026). Amid the war in the Middle East, Oman's economy has so far shown resilience thanks to the fact that its main ports (the Mina el-Fahal oil terminal, the Port of Sohar, the Port of Duqm, the Port of Salalah, and the Qalhat LNG terminal) are located outside the Strait of Hormuz, as well as its continued prudent policies (IMF 2026b). Salalah, Sohar, and Duqm are the only major ports in the region outside the threat zones of the Strait of Hormuz and Bab el-Mandeb. Consequently, they serve as the only suitable unloading points for cargo bound for the Gulf, enabling mainline vessels to avoid entering high-risk areas (Windward 2026). According to the World Bank's assessment, ports such as Duqm, Salalah, and Sohar—which are key components of Oman's strategy to develop regional transit hubs—may face increasing operational uncertainties, even though their location outside the Strait of Hormuz provides a certain degree of resilience (World Bank, 2026a). Oman's economy continues to show resilience despite the negative effects of the war in the Middle East; these negative effects have so far been limited to inflationary pressures and certain non-oil sectors. Oman's oil and natural gas infrastructure has remained largely unaffected by the crisis, enabling the country to increase oil production and exports amid regional supply disruptions. Oman's real GDP growth rose to 2.4% in 2025 (up from 1.6% in 2024), supported by both oil and non-oil activities. Growth, bolstered by rising oil production, is expected to reach approximately 3.7% in 2026 and 3.0% in 2027. Growth in the non-oil sector is expected to decline to 2.5% in 2026, reflecting the impact of regional conflict on tourism and construction, before rising to 3.2% in 2027 following a broad-based recovery. After remaining under control at 1 % in 2025, average inflation rose to 2.8 % (year-over-year) during the January–May 2026 period due to increases in food and transportation prices. The current account balance recorded a deficit equivalent to 1.9 % of GDP in 2025; however, thanks to stronger hydrocarbon revenues and robust growth in non-hydrocarbon

exports, it is expected to post a significant surplus of approximately 3 % of GDP in both 2026 and 2027 (IMF 2026b). According to World Bank projections, Oman's economy is also forecast to grow by 2.4 % in 2026 (World Bank, 2026a).

Qatar occupies a unique position within the GCC. Like Oman, Qatar is an actor that maintains balanced relations with Iran; however, Iran's closure of the Strait of Hormuz—as one of the parties to the crisis—is negatively impacting Qatar's economy. Nevertheless, this situation also prevents Qatar from forming an alliance with other GCC members against Iran. Relations between GCC members and Qatar have been tested repeatedly over the past 20 years. In March 2014, Saudi Arabia, the UAE, and Bahrain imposed diplomatic pressure on Qatar due to its support for the Muslim Brotherhood and Al Jazeera's editorial policy (Gause 2014, pp. 17–18, 21), and the approximately four-year blockade imposed by the same actors due to Qatar's support for the Muslim Brotherhood and Hamas, as well as its close ties with Iran, illustrates the stance of other GCC countries toward Qatar (Asmar and Hasaj 2020). Furthermore, following Israel's attack on Qatar in September 2025, the Joint Defense Agreement signed by GCC members in 2000 proved ineffective; although the mechanism was subsequently activated, a collective defense response could not be developed within the GCC (Albimani and Kardaş, 2026, p. 8). Despite its relatively good relations with Iran, Qatar also bore the brunt of Iran's attacks. Despite the close ties it had forged with Iran in the past, its years-long mediation efforts between Washington and Tehran, and its assurances that USA attacks would be prevented from its territory and airspace, it became the primary target of Iran's retaliation. Iranian officials stated that they were targeting the USA Central Command headquarters at Al Udeid Air Base, not their “brothers” in Qatar. However, Iranian military forces expanded their targets to include energy infrastructure, airports, and civilian residential areas. Doha was forced to close its airport and halt gas production, a development that has shaken global energy markets. This comes as no surprise, as Qatar

maintains deep security ties with Washington (former President Joseph R. Biden Jr. described Qatar as a key non-NATO ally in 2022) and is one of the few countries in the world to have established a strong cooperative relationship with Iran (Jacobs 2026).

With its shipping facilities at the Ras Laffan Port in Qatar, it is the world's largest producer and exporter of LNG (Meza et al. 2026, p. 28). Qatar's disadvantage is that it accounts for 25–30 % of the global trade in LNG—a commodity that is difficult to store—and has no export alternative other than the Strait of Hormuz. This is because the relevant infrastructure was built on the assumption that the Strait of Hormuz would remain open (Berahab and Emran 2026, pp. 7–8). 93% of Qatar's and 96% of the UAE's LNG exports pass through the Strait of Hormuz. (IEA 2026). The hydrocarbon sector, which accounts for approximately % 80 of fiscal revenues and goods exports, is almost entirely dependent on maritime transport through the Strait of Hormuz. Due to a significant decline in hydrocarbon production and general disruptions in trade, real GDP is projected to contract sharply by 5.7 % in 2026 compared to the previous year. (World Bank 2026b, pp. 1–2). Damage to key facilities in Ras Laffan has reduced export capacity by an estimated 17 %; this represents a medium- to long-term disruption, with full recovery expected to take years. LNG expansion plans have been postponed until 2027. Ongoing shipping disruptions and security risks in the Strait of Hormuz continue to constrain exports; even if conditions improve, it is expected to take weeks or months to resume LNG operations. Combined with rising shipping and insurance costs, these factors have significantly weakened economic activity in 2026 (2026b, p. 1). QatarEnergy estimates that the damage caused by the missile attacks on March 18, 2026, in the Ras Laffan Industrial City will result in an annual revenue loss of approximately \$20 billion and that repairs could take up to five years; this situation will affect supplies to European and Asian markets (QatarEnergy 2026). In June 2026, empty LNG tankers began passing through the strait, and exports have partially resumed, though

this does not yet signify a full recovery (Stapczynski 2026). In addition, Qatar produces rare gases—such as neon, krypton, and xenon—which are used in high-tech manufacturing. The closure of the Strait of Hormuz would prevent Qatar from shipping these products as well. In this context, the unstable situation in the Strait of Hormuz is also negatively affecting the semiconductor supply chain (Rasheed 2026, p. 6). Furthermore, according to Qatar, the crises in the Strait of Hormuz and the Red Sea cannot be resolved without resolving the Gaza crisis. A potential attack on the Houthis would trigger regional crises, including the closure of the Strait of Hormuz (Albimani and Kardaş 2026, p. 7). Unlike Saudi Arabia and the UAE, Qatar also conducts the majority of its oil exports through the Strait of Hormuz. Furthermore, Qatar conducts % 20 of its LNG trade with the UAE through this route.

In addition to competing with Saudi Arabia, Kuwait is another GCC member that, like Oman, prioritizes diplomacy and dialogue with Iran during the crisis. Although Kuwait is cautious toward Iran, it fears Saudi Arabia's efforts to establish regional hegemony and pursues a moderate foreign policy toward Iran (Albimani and Kardaş 2026, p. 9). Situated between two major regional powers and constantly exposed to geopolitical pressures, Kuwait has sought to protect its sovereignty, security, and internal stability through a flexible and pragmatic diplomatic approach. It can be argued that Kuwait has consistently relied on a strategy of strategic balancing, thereby maintaining balanced relations with both Iran and Saudi Arabia without aligning itself fully with either country (Mubaideen et al. 2026, p. 1). Kuwait's dependence on Saudi Arabia's territorial depth and USA defense guarantees intensified following the 2003 invasion of Iraq and during periods of serious instability, such as the war in Yemen. However, these alliances have never meant unconditional support for Saudi Arabia's preferences. Kuwait has maintained a balanced level of relations with Saudi Arabia to avoid being drawn into conflicts that could provoke Iranian retaliation or disrupt the sectarian balance within

the country. Throughout various periods of tension, Kuwait has maintained a constant dialogue with Iran; even in the midst of crises such as the Iran-backed terrorist incidents of the 1980s, the 2011 spy ring, the 2015 Abdali cell, and recurring maritime disputes over the Durra/Arash field, Kuwait has refrained from severing diplomatic relations with Iran. Instead, it has adopted a strategy based on cautious rhetoric, legal frameworks, and a controlled escalation of tensions. This approach underscores a fundamental element of the hedging strategy: keeping communication channels open with potential rivals to manage risks and prevent miscalculations. Kuwait's role as a mediator has become a strategic asset. Whether during the 2017–2021 Qatar crisis, the Yemen negotiations, or the 2023 Saudi Arabia–Iran rapprochement process, Kuwait has positioned itself as a stabilizing actor committed to dialogue, de-escalation, and Gulf unity. This mediating role not only reinforces Kuwait's soft power but also compensates for its structural weaknesses by making it an indispensable diplomatic partner within the GCC (Mubaideen et al. 2026, p. 16).

Despite its strategy of balance, Kuwait was affected by the Strait of Hormuz Crisis. Following the closure of the Strait of Hormuz, Kuwait experienced problems with the shipment of crude oil and petroleum products; the Kuwait Petroleum Company was unable to fulfill its obligations to some of its customers and declared force majeure (Riggs 2026). Furthermore, since storage capacity is expected to fill up within a few weeks following the closure of the Strait, there is a risk of delays or interruptions in oil production, which will in turn affect output. It is estimated that rising fertilizer prices due to disruptions in LNG trade, along with increases in shipping and insurance costs, will significantly drive up food prices in particular. It is claimed that inflation in Kuwait will rise to 4% in 2026, a situation that will affect low-income households and migrant workers. Kuwait's budget was already under pressure even before the Hormuz crisis, but it is projected that infrastructure damage, declining investor confidence, and emergency military

spending will further exacerbate fiscal imbalances. The fiscal deficit is projected to reach 6.6% of GDP in 2026 due to the decline in oil revenues, before stabilizing at around 3.2% in the medium term. This situation highlights the need for comprehensive reforms (World Bank 2026c, p. 2). In other words, while Kuwait plays the role of a mediator, it also finds itself caught between the USA and Iran (Freer 2026). Unlike Saudi Arabia and the UAE, which have alternative infrastructure to overcome the Strait of Hormuz crisis, Kuwait lacks such alternatives. This situation pushes Kuwait toward mediation in foreign policy; however, it is evident that this foreign policy tool also leaves Kuwait in a difficult position.

Another GCC member worth mentioning is Bahrain, whose relations with Iran are not as balanced as those of Kuwait and Qatar. The country's Shia population, Iran's characterization of the country as "lost territory," and the influence of Iran-backed groups since 2011 have triggered security concerns regarding Iran in Bahrain (as cited by Rasheed 2026, p. 13). In line with these concerns, Bahrain has been supporting Operation Prosperity Guardian (OPG), which began in December 2023. Bahrain, which also hosts the USA 5th Fleet, was designated a "major non-NATO ally" in 2002 (Albimani and Kardaş 2026, p. 7).

Despite USA support, Bahrain may be negatively affected by risks to maritime shipping in the Strait of Hormuz. For example, import costs are expected to rise due to supply chain disruptions, foreign direct investment is projected to decline in 2026, and insurance costs related to maritime shipping are expected to increase. Bahrain is expected to face significant external financing needs in the medium term due to a substantial amount of maturing debt in the coming period. From a long-term perspective, the primary downside risks could materialize in the event of a prolonged conflict, which would further exacerbate current economic pressures. Potential additional damage to infrastructure is expected to affect oil production and lead to a loss of government revenue. This situation could further

increase the debt-to-GDP ratio and the debt service burden. The conflict in the Middle East and rising fertilizer prices are increasing Bahrain's vulnerability to food price shocks. Heavy reliance on imported staple foods—particularly those transiting through the Strait of Hormuz—means that supply disruptions could lead to rising food prices, which are expected to have disproportionate effects on vulnerable households (World Bank, 2026d, p. 7). In addition to the decline in overall well-being, Bahrain's state-owned aluminum producer, Alba, has sustained damage due to Iranian attacks, which has reduced production levels (S&P Global 2026). In Bahrain, the closure of the Strait of Hormuz has disrupted oil and aluminum exports, which account for approximately two-thirds of government revenues and about one-quarter of GDP. Additionally, following the Strait of Hormuz crisis and the attacks, the Formula 1 races—which generate \$200 million in revenue—have been postponed in Saudi Arabia and Bahrain (Kotkin, 2026). This slowdown in economic activity is likely to spill over into Bahrain's logistics and financial sectors (which account for approximately 18% of GDP) (S&P Global 2026). In April, the IMF revised its 2026 economic growth forecasts, projecting a -3.8% growth rate for Bahrain. The International Energy Agency and Rystad Energy estimate that the cost of repairing damage to more than 80 energy facilities in the Arab Gulf countries could reach \$58 billion. The IMF has projected a 7% loss in production over the next five years in the Gulf region, including Bahrain, following the conflict, and anticipates that the negative effects will persist even 10 years later. Accordingly, if instability persists and the Strait of Hormuz remains closed, the economic losses of GCC countries will accumulate due to uncertainty—which reduces consumption and investment—in addition to the decline in energy production (Kotkin, 2026). In other words, as a result of the conflict in the Middle East, Bahrain's fiscal position is expected to come under even greater pressure. This situation is likely to worsen due to disruptions in oil exports, rising security expenditures, and high debt service costs. The

high and rising public debt is not expected to stabilize in the medium term. Public debt has risen significantly, reaching 131.1 % of GDP in 2025. The government has relied heavily on the Central Bank's credit deposit facility to finance its fiscal deficit. To stabilize the debt and improve fiscal balance, the Bahraini Cabinet approved a fiscal reform package in December 2025. According to official estimates, this package will generate additional revenue equivalent to 1.1 % of GDP by the end of December 2026 (World Bank 2026d, p. 6).

Conclusion:

The USA and Israeli attack on Iran and Iran's subsequent closure of the Strait of Hormuz have had significant repercussions for the international system and the global economy. In addition to the global impacts of the Hormuz Crisis, it has provided important insights into the unity among GCC members and the GCC's capacity to formulate policy. Like past crises, this crisis is one of the major developments that have tested unity within the GCC. The Strait of Hormuz Crisis initially affected GCC members to a similar degree; however, the costs of the crisis were not distributed equally among the members. In this context, while sensitivity is evident across the GCC as a whole, vulnerability is uneven. Saudi Arabia managed the initial phase of the crisis effectively thanks to the East-West Pipeline, the Yanbu terminal, its offshore reserves, and strong financial capacity; however, its dependence on the United States for security remains one of Saudi Arabia's weaknesses. Although the UAE has the capacity to bypass the Strait of Hormuz via ADCOP and Fujairah, its reliance on the Strait of Hormuz for LNG exports has created vulnerability in the UAE's economy. In addition to this situation, competition with Saudi Arabia and the UAE's withdrawal from OPEC have led to a search for an autonomous energy policy. Although Oman's role as a mediator and its relatively good relations with Iran reduce its vulnerability, the susceptibility of infrastructure such as the port of Duqm to attacks, along with pressures on non-hydrocarbon sectors, demonstrates that Oman's vulnerability has not

been eliminated. Qatar, one of the GCC members with relatively close ties to Iran, has also concentrated its LNG exports along the Ras Laffan and Strait of Hormuz routes. This situation has increased Qatar's vulnerability despite its relations with Iran, and its mediation capacity has not been sufficient to offset its dependence on the Strait of Hormuz. Although Kuwait has also come to the fore with its mediation and diplomatic role, the lack of alternative export infrastructure, limitations on storage capacity, and financial problems have left Kuwait in a difficult position. Bahrain's poor relations with Iran, its dependence on the USA umbrella, and its financial and economic problems have not eliminated its vulnerability.

In light of the above assessments, it can be argued that "uneven vulnerability" is a concept that explains the divergence within the GCC. This is because members' efforts to adapt to the

Hormuz Crisis in different ways have led to varying economic performances, threat perceptions, and political priorities. Thus, the crisis demonstrated the GCC's inability to formulate a common policy and gave rise to diverging national interest-driven responses. Consequently, it is evident that the GCC is regionally fragmented; despite shared threat narratives, this situation has not translated into collective action, and national interest-driven responses have been the more decisive factor during the Hormuz Crisis. In other words, this fragmentation—whose roots lie in the past—has pushed GCC members toward nationally based solutions rather than common security mechanisms, thereby deepening the differences in vulnerability during the 2026 Hormuz Crisis. This situation also demonstrates that the GCC's institutional continuity coexists with the political divergence among its members.

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