

Imported Risk: How Operation Epic Fury Exposed South Asia's Energy Vulnerability

Nabib Bin Zahid¹



Introduction

On 28 February 2026, the United States and Israel launched coordinated airstrikes against Iran under the code names Operation Epic Fury and Operation Roaring Lion, targeting military installations, nuclear enrichment facilities, and senior Iranian leadership.² Iran's retaliation arrived within days. The Islamic Revolutionary Guard Corps declared the Strait of Hormuz closed to shipping from unfriendly nations, and by 4 March had begun enforcing that closure through mine-

¹ Nabib Bin Zahid is a Research Assistant at the Bangladesh Institute of Peace and Security Studies (BIPSS). He has completed his B.S.S in International Relations from the University of Rajshahi.

²U.S. Department of War, "Operation Epic Fury Fact Sheet," March 18, 2026, <https://media.defense.gov/2026/Mar/18/2003900300/-1/-1/1/OPERATION-EPIC-FURY-FACT-SHEET-MARCH-18.PDF>.

laying, vessel seizures, and swarm-boat operations against commercial traffic.³ What followed was not a crisis contained within the Gulf. It was a demonstration, in real time, of how completely the economic security of South Asia depends on a narrow waterway that no South Asian state controls, defends, or has any capacity to reopen. Roughly a quarter of the world's seaborne oil trade and nearly a fifth of global liquefied natural gas trade transits the Strait of Hormuz, with the overwhelming majority destined for Asia.⁴ Operation Epic Fury did not create South Asia's energy vulnerability. It exposed a dependency structure that has existed for decades and that regional policy has done little to address. This commentary examines what the crisis revealed about the structure of that dependency, how it is transmitting through South Asian economies, and what the region's near-total absence of strategic buffers means for the next disruption — because on present evidence, there will be one.

The Anatomy of a Closure

The Strait of Hormuz crisis unfolded in phases that are now well documented. Iran's initial closure declaration was followed by a period of severely restricted transit: shipping volumes fell from a pre-conflict average of roughly 140 vessels per day to single-digit daily transits during peak disruption in March and April.⁵ The United States responded with an extended air campaign against Iranian coastal missile sites and naval assets beginning 19 March, followed by a naval blockade of Iranian ports from 13 April, and a further escort operation, Operation Project Freedom, in early May. By early May the Strait remained technically operational but functionally constrained, with recurring threats to commercial shipping sustaining what analysts characterized as a degraded but functional transit environment rather than a resolved crisis.⁶

³“2026 Strait of Hormuz Crisis,” Wikipedia, last modified 2026, https://en.wikipedia.org/wiki/2026_Strait_of_Hormuz_crisis; Quwa Group, “US-Iran War 2026: Operation Epic Fury and the Hormuz Crisis,” May 26, 2026, <https://quwa.org/iran/military-news-iran/us-iran-war-2026-operation-epic-fury-the-strait-of-hormuz-crisis-and-the-limits-of-american-air-power/>.

⁴World Economic Forum, “Energy Security,” Energy Transition Index 2026, June 18, 2026, <https://www.weforum.org/publications/energy-transition-index-2026/in-full/4-energy-security-energy-transition-index-2026/>.

⁵RMC Global, “Operation Epic Fury: Operational Snapshot and Strategic Outlook,” May 4, 2026, <https://rmcglobal.com/operation-epic-fury-operational-snapshot-and-strategic-outlook/>.

⁶RMC Global, “Operational Snapshot.”

The price transmission was immediate and severe. Modeling on the implications of choke-point disruption for the energy and mobility sector sketched two scenarios: a Brent average of \$90 per barrel, which would be inflationary and could push global GDP growth below 2%, with major economies including the United States and Europe at risk of recession, and a more aggressive scenario averaging \$125 per barrel, which analysts judged would produce a global recession outright.⁷ Actual reporting from the crisis period showed Brent crude reaching approximately \$115 per barrel, up from roughly \$65 per barrel before the conflict began, placing the disruption within range of the more severe scenario modeled in advance.⁸ For a region as import-dependent as South Asia, these are not abstract benchmarks. They are the direct determinants of fiscal space, inflation trajectories, and current account stability for states with limited capacity to absorb the shock.

Bangladesh's Exposure in Detail

Bangladesh offers the clearest illustration of how acute this exposure becomes in practice. The country meets approximately 95% of its petroleum product requirements and roughly 30% of its natural gas requirements through imports, with crude oil sourcing concentrated among a small number of Gulf suppliers.⁹ A World Bank assessment published mid-crisis found that 60 to 65% of Bangladesh's crude oil and 55 to 60% of its liquefied natural gas came from the Middle East, meaning the great majority of the country's energy imports transited the very waterway Iran had declared closed.¹⁰ On the LNG side specifically, roughly 65% of import volumes were sourced through government-to-government arrangements with Qatar, a dependency that by construction requires Hormuz transit for the bulk of the country's gas supply.¹¹

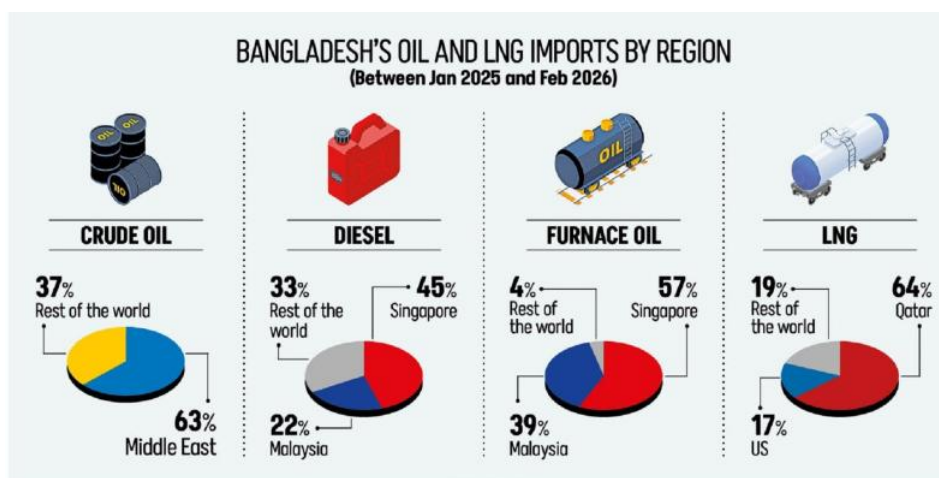
⁷ADIPEC, "What Are the Implications for the Global Economy When Energy Supply Chains Hit a Chokepoint?," March 2026, <https://www.adipecc.com/press-media/news-insights/2026/03/what-are-the-implications-for-the-global-economy-when-energy-supply-chains-hit-a-chokepoint/>.

⁸Prothom Alo, "Energy Sector: LNG Imports Disrupted, Electricity and Energy at Risk," March 21, 2026, <https://en.prothomalo.com/bangladesh/nk57aqlgcc>.

⁹The Daily Star, "How Dependent Is Bangladesh on Middle East Oil, Gas?," March 11, 2026, <https://www.thedailystar.net/business/news/how-dependent-bangladesh-middle-east-oil-gas-4126466>.

¹⁰The Daily Star, "Fuel Import Bill Jumps 85% Amid Middle East Conflict," 2026, <https://www.thedailystar.net/business/economy/news/fuel-import-bill-jumps-85-amid-middle-east-conflict-4227776>.

¹¹The Daily Star, "Fuel Stocks Adequate for Short Term," 2026, <https://www.thedailystar.net/news/bangladesh/news/fuel-stocks-adequate-short-term-4119261>.



Source: The Daily Star⁹

The transmission into Bangladesh's domestic energy system was rapid and visible. Five of state-owned Petrobangla's six LNG supply contracts were declared force majeure during the crisis period, while spot LNG prices more than doubled to a range of \$24–\$28 per MMBtu.¹² Bangladesh's own reporting noted that the country's largest crude suppliers, Saudi Arabia and the United Arab Emirates, were themselves affected when Saudi Arabia's largest refinery came under attack early in the conflict, halting crude imports at the source and leaving domestic reserves sufficient to sustain refining only until mid-April absent resupply.¹³ Diesel stocks at the Bangladesh Petroleum Corporation stood at levels sufficient for roughly two weeks of demand; petrol and octane reserves covered 17 and 31 days respectively.¹⁴ These are not strategic reserves in any meaningful sense. They are working inventories, sized for routine resupply cycles rather than for sustained disruption of the kind Hormuz produced. The World Bank projected that Bangladesh's energy subsidy burden would rise to 2.8% of GDP in fiscal year 2026, with the total subsidy bill reaching between \$2.5 billion and \$4.8 billion.¹⁵

The policy response illustrates both the constraints and the adaptations available to an import-dependent state under acute pressure. Dhaka moved to accelerate energy diversification toward non-Gulf suppliers, leveraging a February 2026 trade arrangement with the United States that

¹²The Daily Star, “Fuel Import Bill Jumps 85%.”

¹³Prothom Alo, “Energy Sector: LNG Imports Disrupted.”

¹⁴The Daily Star, “Fuel Stocks Adequate for Short Term.”

¹⁵The Daily Star, “Fuel Import Bill Jumps 85%.”

included provisions for expanded US energy exports to Bangladesh.¹⁶ Refined product sourcing had already shifted substantially toward Singapore and Malaysia rather than direct Gulf supply for diesel and furnace oil, and LPG sourcing showed a comparable pivot toward US suppliers.¹⁷ These adjustments demonstrate that diversification is technically possible. What they do not demonstrate is that diversification is sufficient: alternative suppliers still route significant volumes through the same maritime architecture, shipping costs and insurance premiums rise regardless of ultimate source when regional risk is elevated, and the fundamental problem, that Bangladesh has no meaningful strategic reserve capacity, remains unaddressed by supplier substitution alone.

The Broader Trajectory: From Shock to Managed Escalation

It is important to situate the acute phase of the crisis within its fuller trajectory, because the policy lesson changes depending on whether the disruption is read as a sharp, short-lived spike or as a sustained condition. By early May 2026, independent assessments characterized the conflict as having transitioned into a phase of sustained, managed escalation: intermittent Iranian missile and unmanned aerial strikes continued, US and Israeli operations remained focused on degrading residual Iranian military infrastructure, and the Strait, while technically reopened to some traffic, remained a constrained and contested transit environment rather than a fully restored one.¹⁸ This distinction matters for policy planning. A crisis that spikes and resolves within days rewards states that can absorb short-term price volatility through fiscal buffers or subsidy adjustment. A crisis that settles into months of degraded but functional transit, the pattern actually observed through the spring of 2026, rewards states with the capacity to sustain elevated import costs and constrained supply over a much longer horizon, precisely the capacity that Bangladesh's two-to-four-week working reserves were never designed to provide.

The Region-Wide Pattern: Asymmetric Exposure, Shared Choke-point

Bangladesh's exposure, severe as it is, sits within a broader South Asian and Asian pattern of asymmetric vulnerability to the same choke-point. Comparative dependency figures compiled

¹⁶Observer Research Foundation, "Beyond Diversification: Bangladesh's Fuel Crisis and Role of Neighbourhood Ties," April 17, 2026, <https://www.orfonline.org/expert-speak/beyond-diversification-bangladesh-s-fuel-crisis-and-role-of-neighbourhood-ties>.

¹⁷The Daily Star, "How Dependent Is Bangladesh on Middle East Oil, Gas?"

¹⁸RMC Global, "Operational Snapshot."

during the crisis period placed China at 72% dependent on oil imports, with 47% of that supply originating in the Middle East; India at 88% import-dependent, with 45% from the region; South Korea at 98% import-dependent with 70% from the Middle East; and Japan at 99% import-dependent with 80% sourced regionally.¹⁹ These figures reveal a pattern that cuts against any assumption that dependency correlates neatly with economic development level or strategic sophistication. India, despite a substantially larger and more diversified economy than Bangladesh, faces comparably severe import dependency; Japan and South Korea, both advanced industrial economies with far greater fiscal capacity, are more dependent still. What differs across these cases is not exposure but absorptive capacity: the strategic reserves, subsidy fiscal space, and diplomatic leverage available to manage a shock once it arrives.

Governments across the region responded with broadly similar instruments, and the similarity is itself informative. India, South Korea, Indonesia, Thailand, Malaysia, and Vietnam all moved to cushion consumers through price caps on diesel and gasoline during the crisis period. This is a defensive posture, not a resilience strategy: price caps manage the political consequences of a supply shock without addressing its structural cause. They also carry fiscal costs that accumulate the longer a disruption persists, transferring the burden from consumer prices to state budgets without reducing the underlying import dependency that created the vulnerability in the first place.

The refined product market showed particular strain. Crack spreads for jet fuel in Asia and Europe rose roughly five-fold to the equivalent of \$200 per barrel Brent, as refiners starved of Gulf crude feed-stock cut runs and Asia and Europe competed directly for available jet cargoes. This is a second-order effect that pure crude-price analysis misses: even if crude oil itself remained available through alternative routes, the refining and distribution infrastructure calibrated around Gulf feed-stock could not seamlessly substitute other crude grades, producing shortages and price spikes in specific refined products, aviation fuel prominent among them, independent of aggregate crude availability.

¹⁹ADIPEC, “Implications for the Global Economy.” <https://www.adippec.com/press-media/news-insights/2026/03/what-are-the-implications-for-the-global-economy-when-energy-supply-chains-hit-a-chokepoint/>

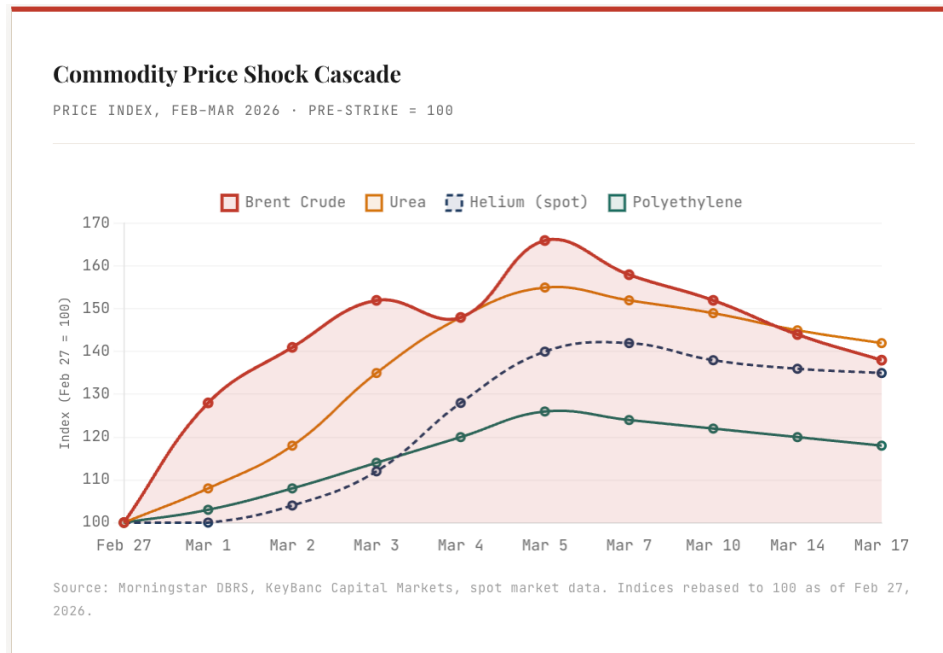
Beyond Oil: The Fertilizer Transmission Channel

Energy security analysis of the Hormuz crisis has understandably focused on oil and gas, but the Strait's role in global fertilizer trade represents an equally consequential, and considerably less examined, transmission channel into South Asian food security. Approximately 30% of global fertilizer trade transited the Strait of Hormuz prior to the crisis, alongside the oil and LNG volumes more commonly discussed.²⁰ The disruption's effect on fertilizer markets operated through two distinct mechanisms. First, nitrogen fertilizer production depends on natural gas as feedstock, and the Gulf disruption removed a substantial share of the natural gas that global urea producers rely upon; urea prices in the US Gulf, a reasonable proxy for global pricing pressure, rose from roughly \$350 per ton in late 2025 to over \$800 per ton by late March 2026.²¹ Second, and less widely understood, phosphate fertilizer production depends on sulfur and sulfuric acid, and roughly 44% of global sulfur trade transits the same Gulf chokepoint; the resulting “sulfur cascade” disrupted Monoammonium Phosphate and Diammonium Phosphate production even for facilities with no direct exposure to Gulf crude or LNG markets.²²

²⁰Center for Strategic and International Studies, “Chokepoint: How the War with Iran Threatens Global Food Security,” June 11, 2026, <https://www.csis.org/analysis/chokepoint-how-war-iran-threatens-global-food-security>.

²¹FinancialContent, “Global Agriculture Braces for Impact: The 2026 Fertilizer Crisis and the Looming Shadow over 2027,” March 23, 2026, <https://markets.financialcontent.com/stocks/article/marketminute-2026-3-23-global-agriculture-braces-for-impact-the-2026-fertilizer-crisis-and-the-looming-shadow-over-2027>.

²²FinancialContent, “Global Agriculture Braces for Impact.”



Source: DataDrivenInvestor²³

The food security implications for South Asia are direct and were forecast in real time by the analysts tracking the crisis: if Gulf-origin disruption persisted through the mid-2026 planting season in South America and Asia, a “yield cliff” would become a realistic outcome, producing significantly lower harvests in late 2026 and into 2027.²⁴ Bangladesh, India, and Pakistan are all substantial consumers of imported nitrogenous and phosphate fertilizer for staple grain production, wheat, rice, and maize among them, crops that together provide over 40% of global caloric intake and an even higher share of caloric intake within South Asia specifically.²⁵ A fertilizer price shock transmitted through the same Hormuz chokepoint that disrupts energy markets therefore compounds rather than merely parallels the energy crisis: households absorb higher fuel costs and higher food costs simultaneously, through the same geopolitical event, via supply chains that policy analysis typically treats as unrelated.

²³ <https://medium.datadriveninvestor.com/beyond-oil-how-the-iran-war-is-reshaping-global-commodity-supply-chains-4fad94df1ec9>

²⁴ FinancialContent, “Global Agriculture Braces for Impact.”

²⁵ Center for Strategic and International Studies, “Chokepoint.”

The Institutional Absence: Why South Asia Has No Answer

The most consequential finding to emerge from the Hormuz crisis is not the severity of South Asian exposure, which was predictable from dependency statistics that predate the crisis by years, but the near-total absence of institutional mechanisms for managing that exposure once a disruption materializes. Compare the South Asian response to the OECD framework: member states of the International Energy Agency maintain coordinated strategic petroleum reserves precisely for chokepoint-disruption scenarios, with release mechanisms that can be triggered collectively to dampen price shocks. No equivalent mechanism exists for South Asia. Bangladesh's own reserve position, weeks of working inventory rather than months of strategic reserve, is illustrative of the regional norm rather than an outlier.



Source: Carnegie Endowment²⁶

Analysts examining the broader pattern of global economic chokepoints have converged on an important structural point: the vulnerability exposed by Hormuz is not a singular anomaly but an instance of a proliferating category. As one widely circulated analysis put it, the real story of the global economy is not a single chokepoint but the proliferation of chokepoints, across geography, infrastructure, and industry, forming a hidden architecture that increasingly constitutes the terrain on which economic competition and geopolitical rivalry are actually fought.²⁷ McKinsey's analysis

²⁶ <https://carnegieendowment.org/research/2025/07/major-power-rivalry-and-domestic-politics-in-south-asia>

²⁷ The Hill, "The World Is Rediscovering Chokepoints — and They Are Not Just Geographic," March 27, 2026, <https://thehill.com/opinion/international/5802007-global-economy-chokepoints-2026/amp/>.

of chokepoint dynamics makes the same point from a corporate risk perspective: concentrations of critical dependency, whether in maritime straits, mineral processing, or advanced technology, function efficiently and cheaply in stable periods but become acute points of systemic fragility precisely when stability breaks down, and the Hormuz disruption offers a contemporary illustration of how quickly and unevenly the resulting shock propagates.²⁸

For South Asian states, the absence of coordinated buffers is compounded by an absence of coordinated diplomacy. Unlike the IEA framework or the EU's post-2022 energy coordination following the disruption of Russian gas supply, South Asian states approached the Hormuz crisis individually: Bangladesh negotiating bilateral supplier diversification, other states deploying domestic price caps, each government managing its own exposure without a regional mechanism for pooled reserves, coordinated procurement, or shared crisis financing. This is not a criticism of any single government's crisis management; it is an observation about the absence of regional architecture that would make crisis management more effective at lower cost to any individual state.

Attribution, Escalation, and the Limits of a Purely Economic Reading

A purely economic reading of the Hormuz crisis, focused on prices, reserves, and subsidy costs, risks understating a further dimension of South Asian exposure: the region's complete absence of agency in a conflict whose economic consequences it nonetheless absorbs in full. Bangladesh, India, Pakistan, and Sri Lanka were parties to none of the decisions that produced the crisis, participants in none of the negotiations that eventually constrained it, and yet bore energy and food price shocks calibrated by decisions made in Washington, Tel Aviv, and Tehran. This is the structural condition that recurs across the sub-threshold and grey-zone literature more broadly: states with limited capability to shape the origin of a crisis nonetheless carry a disproportionate share of its transmitted cost, precisely because they lack the strategic reserves, alliance guarantees, or diplomatic leverage available to states closer to the source of disruption.

²⁸McKinsey & Company, “How Economic Chokepoints Shape Supply Chain Resilience,” 2026, <https://www.mckinsey.com/capabilities/geopolitics/our-insights/chokepoints-how-to-respond-when-the-global-economy-gets-squeezed>.

The naval dimension of the crisis reinforces this point. Iranian retaliatory strikes damaged or destroyed commercial vessels with no connection to the belligerents, including a fatal strike on a merchant tanker and damage to vessels flagged to third countries; a torpedo strike on a departing Iranian naval vessel occurred within sight of Sri Lankan waters, following that vessel's participation in a multinational naval exercise hosted by India.²⁹ These are reminders that Hormuz-adjacent risk is not confined to the price of a barrel of oil observed from a safe distance; South Asian and South Asian-adjacent waters were themselves drawn into the conflict's periphery, exposing regional shipping and naval assets to risks that had nothing to do with any dispute in which South Asian states were a party.

Implications

Strategic reserve capacity requires reassessment on a different timescale than routine energy planning currently allows. Working inventories calibrated to weeks of demand are adequate for logistical delay but not for the kind of sustained geopolitical disruption Hormuz demonstrated is now plausible rather than merely hypothetical. Bangladesh's diesel stock, sufficient for roughly two weeks at crisis onset, represents a policy choice made under an assumption of supply continuity that the 2026 crisis falsified.

Supplier diversification, actively pursued by Bangladesh through the crisis period, should continue but requires realistic assessment of its limits. Diversifying crude and LNG sourcing away from direct Gulf suppliers reduces exposure to Gulf-origin political risk but does not eliminate exposure to Hormuz-transit risk when alternative suppliers still route volumes through the same maritime chokepoint, nor does it address the refined-product and fertilizer transmission channels that operate independently of crude sourcing.

Regional coordination mechanisms, currently absent, deserve serious institutional exploration. A South Asian or Bay of Bengal framework for pooled strategic reserves, coordinated emergency procurement, or shared crisis financing would not eliminate exposure to a Hormuz-scale disruption, but it would reduce the cost of managing one, spreading fiscal burden and procurement

²⁹“2026 Strait of Hormuz Crisis,” Wikipedia; Defense Update, “Operation Epic Fury / Roaring Lion,” March 4, 2026, https://defense-update.com/20260303_epic-fury.html.

leverage across states currently each managing the same shock independently and less efficiently as a result.

Fertilizer and food security planning should be integrated with energy security planning rather than treated as a separate policy domain. The sulfur-cascade mechanism through which Gulf disruption reaches phosphate fertilizer production, and the natural-gas feedstock mechanism through which the same disruption reaches nitrogen fertilizer, mean that energy security assessments which stop at fuel and power generation systematically understate the exposure that a Hormuz-scale event actually creates for food-import-dependent, fertilizer-import-dependent economies across South Asia.

Conclusion

Operation Epic Fury and the Hormuz crisis it triggered were not, from a South Asian vantage point, a foreign policy story about the Middle East. They were a structural stress test of the region's own economic security architecture, and the architecture did not perform well. Bangladesh's experience, near-total import dependency, working reserves measured in days rather than months, subsidy costs rising toward 3% of GDP, and a food security channel operating in parallel to the energy shock, is not an outlier case. It is a preview of what every import-dependent South Asian economy will experience when the next disruption arrives, whether from renewed conflict in the Gulf, disruption elsewhere in the proliferating set of global chokepoints, or a cause not yet anticipated. What the crisis exposed about South Asia's energy vulnerability will not resolve itself unless the region treats that exposure as structural rather than episodic, and begins building the reserves, the diversification, and the regional coordination that its current posture conspicuously lacks.