

A Different Kind of Oil Shock: Why the 2026 Hormuz Crisis May Not Enrich the Gulf, and What That Means for Germany

Daniel Muncaster, 12.05.2026

Despite the unprecedented scale of the unfolding energy crisis, the Gulf states are unlikely to accrue the kind of windfall profits they captured in 1973 and 1979 – this may worsen the impact of the energy crisis on Germany, which historically profited from Gulf exporters’ “recycling” their profits into German industry.

The de facto closure of the Strait of Hormuz following the start of the US-Israeli war against Iran constitutes, in the International Energy Agency’s (IEA) assessment, the largest supply disruption in the history of the global oil market (IEA, 2026). Unlike previous shocks, the 2026 crisis simultaneously curtails production, strands exports, and damages infrastructure across multiple producing states. The principal beneficiaries are therefore not the Gulf producers, but major non-Gulf exporters – including the USA, Canada, Norway, and Brazil – whose revenues rise with prices while their supply chains remain largely intact.

The Scale of the Disruption

Iran closed the Strait of Hormuz on February 28, 2026, in response to US and Israeli airstrikes, ending waterborne transit for roughly 20 percent of global oil exports. Gulf producers rerouted some volumes through emergency pipelines, but global crude oil supply still fell by approximately 10 percent in March. On 13 April, a US

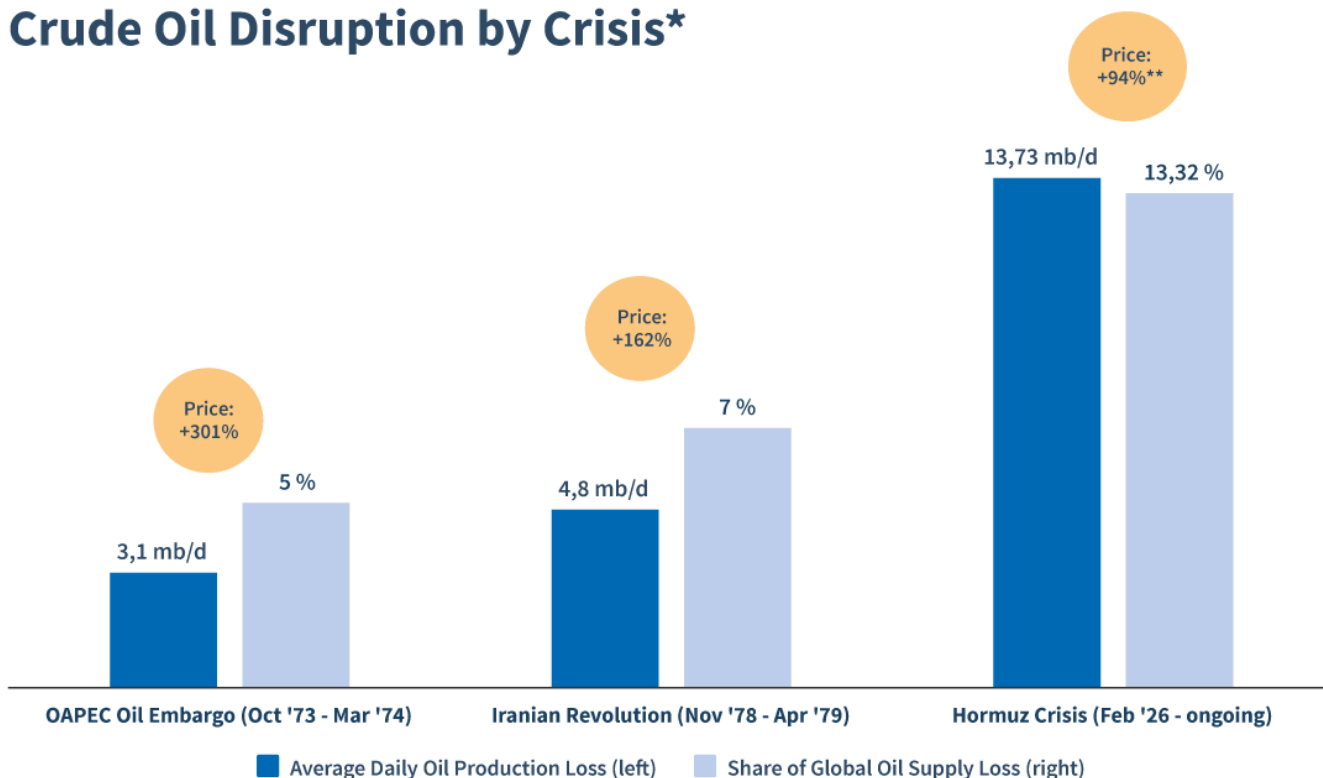
blockade of Iranian ports removed a further 3 percent of global supply (IEA, 2026). The combined 13 percent shortfall substantially exceeds the approximate 7 percent disruption associated with the 1979 crisis (WEF, 2022).

Crude prices rose above 130 USD per barrel in mid-April (a 94 percent increase from pre-war prices), with sharper increases in refined products (IEA, 2026; EIA, 2026). The increase has been moderated by, in part, three factors: an unprecedented IEA release of 400 million barrels of emergency reserves, the US suspension of sanctions on Russian (and Iranian) oil, and the fragile ceasefire in place since 10 April (IEA, 2026). Even so, the supply gap will persist in the short term, as production and delivery latency will continue to constrain Gulf exports even under sustained peace. As of this writing, the Strait of Hormuz is still closed.

Why This Crisis Differs from 1973 and 1979

In the previous shocks, prices quadrupled (1973) and more than doubled (1979), generating massive windfalls for oil producers, including most Gulf states once embargoes lifted (WEF, 2022). Many Gulf states recycled these revenues into investment and development – this “petrodollar recycling” directed a substantial

Crude Oil Disruption by Crisis*



*Precise crisis timelines and disruption volumes are contested.

**Calculated from wartime Brent spot price peak on April 7.

Source: IEA; EIA; Verrastro/Caruso; WEF; German Economic Institute, Köln

share of oil profits back into Western capital-goods industries. Germany was a particular beneficiary: its specialization in metals, machinery, equipment, and vehicles aligned closely with Gulf demand for capital formation (Grömling, 2014). In 1974, West Germany spent approximately 8,5 billion USD on oil but exported 3,6 billion USD worth of goods back to the oil-producers (Gray, 2016).

The 2026 crisis breaks this pattern through a threefold physical shock. First, oil exports are severely curtailed for Saudi Arabia, the United Arab Emirates (UAE), Iraq, Kuwait, and Qatar, and effectively halted for Iran since April 13. Second, storage facilities are approaching or already at capacity, forcing production shut-ins that take weeks or months to reverse. Third, infrastructure damage imposes medium- to long-term constraints across the region, with Qatar projecting repairs to its natural gas sites taking years (IEA, 2026). The result: Gulf producers cannot monetize high prices because they cannot deliver volume. Even more, what profits Gulf producers do accrue will likely be directed to infrastructure repair. Early signs of investment retrenchment are already visible – Gulf states have initiated

reviews of overseas investments and future financial commitments, and the UAE has reportedly sought financial assistance from the USA (England/Kerr, 2026; Rapoport, 2026).

Implications for Germany

The current energy crisis therefore affects Germany along two channels. The first is direct: higher energy prices raise costs for industry and households. Secondly, the emergent crisis may not increase German exports as has previously occurred. Germany's trade surplus has historically depended partly on oil prices and the economic stability of oil producers themselves (Grömling, 2014). In 2024 for instance, Germany exported far more to Gulf states than it imported due to the export of capital goods, resulting in an 18,3 billion USD trade surplus. While exports to Gulf states represented only 1,5 percent of total German exports in 2024, the surplus with Gulf states represented 7,3 percent of Germany's total 250 billion USD trade surplus (UN Comtrade, 2026; Destatis, 2026). The need to repair and restore energy-linked infrastructure, with an estimated cost up to 58 billion USD, may yet encourage Gulf states to acquire additional foreign equipment,

contractors and logistics eventually benefitting Germany (Satwani/Martinsen, 2026). Nevertheless, Gulf customers will likely cut back on other investment and development commitments – this petrodollar recycling channel may therefore not absorb the cost shock as it did in the 1970s, and Germany’s surplus with Gulf states may shrink.

Another consideration is whether this energy crisis – the second in five years – will change the calculus for states and firms and further accelerate the adoption of renewable energy. On one hand, the inherent risks of fossil fuels make a faster transition away from them appear increasingly rational, both economically and from a resilience, national security, and industrial-policy perspective. On the other hand, the experience of the 2022/23 energy crisis suggests that many countries may also respond by investing further in fossil fuel-based energy-security. In such moments of crisis, concerns about energy security and affordability may temporarily take precedence over climate neutrality and environmental considerations. What, if any, impact these developments have on German exports of industrial and renewable energy capital goods will be seen in future data.

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