

Some Global Challenges Never Seen Before Require New Solutions

Strait of Hormuz = Potentiality or Possibility of Domino Global Crisis

Geo-Strategic background

The Strait of Hormuz is Asia's carotid artery. It is a narrow but globally critical maritime chokepoint linking the Persian Gulf with the Indian Ocean. At its narrowest, the strait is approximately 35 kilometres wide, with designated shipping lanes in each direction only a few kilometres across. To the north lies Iran. This constricted geography forces virtually all large commercial and energy shipping to pass through a tight corridor, making the Strait unusually vulnerable to disruption from military action, accidents, or coercive state behaviour.

Strategic Risk Policy® Contemporary Thinking

ARPI® and ERPI introduced Strategic Risk Policy® to the world as new thinking, new approaches and new frames to consider 'risk' as part of leadership decision-making, recognizing that the world has changed but traditional risk management processes have not adjusted. Strategic Risk Policy® identifies potentiality or possibility of strategic risks at the earlier point of vulnerability or exposure. Thus triggering the opportunity to protect against vulnerability, rather than trying to mitigate an actual risk which often proves too little or too late, certainly reactive rather than with foresight of Strategic Risk Policy®.

What is happening?

On 28 January 2026, the Iranian Parliament reportedly approved closure of the Strait. Military analysts assess that Iran has over 1,000 attack speed boats that could interdict shipping and estimate Iran also has several thousand naval mines stockpiled which can quickly be laid by a variety of platforms. Thus, Iran has the ability to shut down the Strait at very short notice, with significant global consequences.

From the perspective of the global energy market, the Strait of Hormuz is the single most important oil transit chokepoint in the world. Roughly one-fifth of globally traded crude oil and a substantial share of LNG exports pass through it, primarily originating from Saudi Arabia, Iraq, United Arab Emirates, Kuwait, and Qatar. Qatar alone accounts for a dominant share of global LNG exports, almost all of which must transit the Strait. While some limited pipeline alternatives exist in Saudi Arabia and UAE, their capacities are insufficient to replace maritime supply at scale in the event of prolonged disruption in the Strait.

Asian economies are particularly exposed to this dependence on an open Strait of Hormuz. China, Japan, South Korea and Taiwan collectively import the majority of their oil and gas from the Middle East, with a significant proportion transiting the Strait of Hormuz. Japan and South Korea, in particular, have historically relied on the Gulf for well over half of their crude oil imports, while China's growing energy demand has steadily deepened its dependence on Hormuz-linked supply chains. For these nations, the Strait represents a single point of failure in their energy security architecture, one that cannot be easily mitigated through diversification.

This dependence translates directly into strategic vulnerability. Disruption of Hormuz traffic, even for a few weeks, would rapidly affect East Asian industrial output, electricity generation, transportation, and price stability. Strategic petroleum reserves can buffer short-term shocks, but sustained interference would impose significant economic and political costs. The acute, intense disruption to Asian economies would cause global economic shocks.

For Australia, these shocks would manifest as an immediate spike in oil prices, flowing straight through to petrol, diesel, aviation fuel, shipping costs and electricity prices rise. Further, though Australia does not directly rely heavily on Middle East energy supplies, the global energy market price spikes would affect Australian consumers, industry, agriculture, and defence, within days. Australia does not have a significant local fuel supply onshore that would allow Australian Government policy to buffer these supply shocks. Consequently, Australia and East Asian states have strong incentives to prevent the Strait of Hormuz being closed to free navigation. Our nations must support freedom of navigation operations and pursue diplomatic engagement aimed at stabilising Persian Gulf and Gulf of Oman security through the Strait of Hormuz.

Strategic Risk Policy® 'Network' Solution

The Australian Risk Policy Institute (ARPI®) and the European Risk Policy Institute (ERPI) as leaders of the Global Risk Policy Network, hereby call upon the United Nations and the Board of Peace to declare that the Strait of Hormuz and all similar international waters, upon which nations have depended and will always depend, contain the right of free, peaceful and unrestricted international navigation, essential to support the global eco-system – without fear, threat or danger - to 'maintain international peace and security'– and further, that the United Nations and Board of Peace commit to ensure this declaration is effectively maintained indefinitely and unfettered by human actions.

Such a Declaration would reflect the global eco-system needs of both today and the future, predicated on the principle that ancient sovereignty and more recent geo-political intentions, must now give way to harmony through planetary paradigm change to achieve **Redundant Resilience** of vital global navigation.

Unlike the Red Sea Crisis which principally affected the sea lines of communication between Europe and the Middle East, blockage of the Strait of Hormuz would far more firmly impact Australia's national interests. Therefore, Australia should not be shy about engaging in economic, military and political deterrence to keep the Strait open.

In summary, this matter requires foresight through new thinking and a new approach manifested in a truly 'network-centric' mandatory solution, to protect against global vulnerability and prevent it transitioning into a significant global sustainability risk or worse, a 'wicked problem.'

Strategic Risk Policy® Principle – “It's not the cost of resilience that counts today but the avoided cost of failure.”

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