

US-ISRAEL AND IRAN CONFLICT: IMPLICATIONS FOR REGIONAL DYNAMICS

Samia Mushtaq¹, Dr. Muhammad Tariq^{*2}

¹Lecturer Government Post Graduate College for Women Mandian, Abbottabad

^{*2}Lecturer Department of Political Science Hazara University Mansehra

¹samia.khan2846@gmail.com, ^{*2}muhammadtariq@hu.edu.pk

Corresponding Author: *

Dr. Muhammad Tariq

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ABSTRACT

Since the US-Israel and Iran conflict ignited on February 28, 2026, Iran is not in a position to lose control over the Strait of Hormuz. All efforts by the United States to reopen the Strait of Hormuz have not been materialized despite pressure from the US has made the situation worse and tenser. To resolve the stalemate, Pakistan facilitated the parties to a negotiation table in Islamabad but nothing substantial came out of the negotiations. The peace parleys failed to reach out any viable solution as no party showed leniency for the peace agreement. Main objective of the study analyzes the US-Israel and Iran conflict and implications for regional dynamics. Research questions of the study addresses the question of politics of the strait of Hormuz, core points for negotiations, issue of death casualties and injuries in the war, potential market impact and the impact of the war on the regional dynamics. Major findings of the study include disruption of world markets, loss of trade and business by the regional dynamics, price volatility of oil and petroleum products, and failure of the peace parleys between US and Iran.

Keywords: US, Iran, Hormuz, Implications, Dynamics

INTRODUCTION

Over a month of the conflict amongst Israel, Iran and the United States, Iran has shown no signs of losing the control over the Strait of Hormuz (Nevitt, 2026). Both the United States and Iran has agreed to a two-week suspension of strikes against Iran, but Tehran still continues to exercise its *de facto* control over the Strait of Hormuz. Iran's Foreign Minister has made it clear that vessels carrying oil and petroleum products and want to seek transit through the Strait of Hormuz must coordinate with the Iranian authorities (Nevitt, 2026). The *de facto* control of Iran over the Strait has created great tension and chaos in the regional and global politics since 20% to 25% of the world trade and business

is carried out through this route. The closure of the Strait has caused great unrest and panic amongst the US, Israel and the major powers since it proves to be one of the most important sources of exports and transportation to countries like Mexico, Chile, and Brazil besides other countries of the world (Paz, 2025). The Strait of Hormuz, through which an average of 20 million barrels per day (mb/d) of crude oil and petroleum products were shipped during 2025, has been one of the most critical chokepoints catering for about 25% of the world's trade transiting the Strait (IAEA, 2026).

An estimate of the trade and business opines that 84% of the crude oil and condensate, and 83% of

the Liquefied Natural Gas (LNG) transited through the Strait of Hormuz in 2024 was destined for Asian markets (Energy, 2026). The main destinations for these were China, India, Japan, and South Korea accounting for 69% of the total crude oil and condensate. As a result of the closure of the Strait of Hormuz by the Iranian authorities, these markets have suffered mostly since they have remained more dependent on this sea-route for trade and business purposes. In 2025, exports of major petroleum-derived transportation fuels, including gasoil, gasoline, and jet fuel, averaged 2.4 million barrels per day (b/d), similar to the previous year (Energy, 2026). Gasoil, commonly sold as diesel, accounts for more than half of these exports and the entire year-over-year decrease. Exports of gasoline and jet fuel increased slightly in 2025 compared to 2024. As in previous years, Mexico was the most popular destination by volume for all three fuels, especially gasoline (Energy, 2026) (Tariq & Mushtaq, 2026).

US President, Donald Trump has shown great concern over the closure of the Strait of Hormuz by Iran and has pledged that the US will be helping with traffic build up in the Strait but even that remains undefined (Nevitt, 2026). Since the start of the conflict, Iran has re-routed commercial shipping through the territorial waters of Iran by imposing a \$ 2 million transit fee on all the ships passing through it (Nevitt, 2026). The international community is silent over the closure of the Strait of Hormuz while the United States needs to define the operational scope of its naval commitment in the Strait with a view to reject the “technical limitations”

by Iran. Closing the natural sea-route or limiting its waterways is inconsistent with the freedom of navigation guaranteed under the international law. Following the outbreak of the US-Israel and Iran conflict on February 28, 2026 the closure of the Strait of Hormuz is the latest example of a geographically driven oil supply disruption (Lutz Kilian, 2026).

The ongoing military conflict between Iran and the US-Israel has raised concerns about a major disruption of global oil supplies driven by the security paradigm and the global political events (Lutz Kilian, 2026). The conflict overpowered the regional dynamics into its grab for its involved attacks on the oil infrastructure of the neighboring countries including Saudi Arabia, Kuwait and the United Arab Emirates (UAE). The most serious concern of the conflict resulted in the closure of the Strait of Hormuz whereby the trade and transportation of the entire globe suffered irreparable loss to their economy. The US and Israel tried to reopen the Strait of Hormuz but till now, Iran seems quite reluctant in its attitude. In order to reach out a viable solution to the issue and put an end to the war, Pakistan has been playing an active role in bridging the gap between the contending parties. To facilitate the belligerent states, a meeting of the concerned was arranged by Islamabad on 11th April, 2026 (Digital, 2026). The first round of talks between the US and Iran failed to reach out any agreement where the former returned home without a deal while the latter said that it did not expect an agreement in the first meeting (Digital, 2026).



US-Iran peace talks fail: Tehran rejects Washington's 'final and best offer' (The NEWS, 2026)

Both the US and Iran failed to reach a historic peace agreement following a high-stakes negotiations in Islamabad (Digital, 2026). The stalemate continued for 21 hours of intense discussions between the delegates of the US and Iran, mark major setback in resolving the ongoing conflict (Digital, 2026). Vice President of US, JD Vance clarified that the talks failed because Tehran refused to accept the final terms of Washington (Digital, 2026). Vance, on the conclusion of the talks remarked that, “The bad news is that we have not reached an agreement and I think that’s bad news for Iran much more than it’s bad for the United States of America” (Digital, 2026). Despite 21 hours of intensive negotiations, before departing Pakistan, Vance described it as a “final and best offer” for Iran to consider. Iranian media and Ministry spokesperson, Esmail Baegaei, said unreasonable, excessive and unlawful requests from the US for the stalemate (Digital, 2026).

Core Points for Negotiations

The stalemate failed for many reasons; one of the reasons being, the emphasis of the Trump Administration on preventing Iran from obtaining nuclear weapons termed as a “fundamental commitment” by Vance to abandon nuclear weapons (Digital, 2026). The base for discussion was to bring an end to war and issues regarding the Strait of Hormuz. Iran focused on the US to recognize its “legitimate rights and interests” as a condition for any progress. US President, Donald Trump, remained heavily involved with the US delegation between six to twelve times during the negotiations for guiding the final and best offer” (Digital, 2026).

A senior Advisor to Iran’s Supreme Leader, Ali Akbar Velayati, claims that the Strait of Hormuz is “firmly in our hands” urging Tehran’s resolve to safeguard its national interests following the recent talks in Pakistan with the US (Demir, 2026). Velayati is of the view that Iran’s diplomatic approach is based on a single principle of protecting the country (Demir, 2026). He further added that Iran’s diplomatic efforts remain focused on ensuring national sovereignty and defending its strategic interests (Demir, 2026). These remarks came in the aftermath of conclusion of the US-Iran stalemate without reaching any agreement.

Mediated by Pakistan, the negotiations, ended following multiple rounds of talks, discussions and exchanges of proposals having failed to produce any breakthrough (Demir, 2026).

Death Casualties in the War

Since the war started on February 28, 2026 thousands of people have lost their lives as a result of the US-Israel and Iran conflict (Abdullah & Alaaeldin, 2026). Thousands of people have fallen victims to the conflict across the Middle East in Iran War that got ignited when the US and Israel struck Iran on February 28, 2026 (Abdullah & Alaaeldin, 2026). Iran has received more than 3,000 people killed throughout Iran during the war as per reports of Iran’s Forensic Chief (Abdullah & Alaaeldin, 2026). While according to the reports of the US-based rights group HRANA, about 3,636 people have been killed since the eruption of the war out of which 1,701 were said to be civilians including at least 254 children (Abdullah & Alaaeldin, 2026).

Lebanon

Lebanon has also suffered the most as a result of the ongoing US-Israel and Iran conflict where at least 1,830 people have been killed in the Israeli strikes against Lebanon since March 2, 2026 (Abdullah & Alaaeldin, 2026). The deadliest attack on the Lebanon came on April 8, 2026 when the heavy bombardment killed more than 300 people. The number of soldiers killed in the conflict since March 2, 2026 stands at 14 with most of the casualties in the Southern Lebanon according to the Lebanese Army (Abdullah & Alaaeldin, 2026). Moreover, thirteen state security personnel have also been killed in an Israeli strike on a government building in the Southern city of Nbatieh on April 10, 2026. More than 400 fighters from the Hizbullah have also lost their lives in the ongoing conflict since the Lebanese armed launched attacks in a new war with Israel. Foreign officials have also lost their lives in the conflict when three United Nations’ peacekeepers from Indonesia were killed in two separate incidents in Southern Lebanon, one from a roadside explosion and the other involving a projectile (Abdullah & Alaaeldin, 2026).

Iraq

Iraq has also faced death casualties' as a result of the ongoing conflict between the US and Iran leading to the death of 117 people since the start of the crisis (Abdullah & Alaaeldin, 2026). Those who lost their lives include civilians, members of the Iran-affiliated Shiite Popular Mobilization Forces, and US -allied Kurdish Peshmerga fighters (Abdullah & Alaaeldin, 2026). Moreover, at least three people were killed and five others injured when on April 7, 2026 a rocket fired from the direction of Kuwait hit a house in Khor al-Zubair near Basra, as per reports of security and health officials.

Israel

The conflict has also proved worst for Israel where at least 23 people have been killed in Israel as per reports of Israeli ambulance service (Abdullah & Alaaeldin, 2026). The Israeli military has also said that 12 of its military soldiers have also been killed in Southern Lebanon. **United States**

The United States has also claimed the death of their thirteen military service men, injuries of more than 300 (Abdullah & Alaaeldin, 2026). Six people were confirmed death after a US military refueling aircraft crashed over Iran while seven others have been killed in action during operations against Iran (Abdullah & Alaaeldin, 2026).

Besides, other countries that received death casualties and injuries during the ongoing conflict include twelve people have also been killed in Iranian attacks, including two army soldiers, according to reports of the UAE authorities. Qatar has also suffered in terms of death casualties where seven people were also killed on March 22, 2026 in a deadly helicopter crash in Qatar's territorial waters after a technical malfunction during 'routine duty' as per details of Qatar's Defense Ministry. Four of these killed were Qatari armed personnel, one was a Turkish serviceman from Qatar-Turkey Joint Forces and two technicians working for Turkish Defense personnel (Abdullah & Alaaeldin, 2026). Seven Kuwaiti deaths have also been reported including three people killed in Iranian attacks, two interior ministry officers and two army soldiers. Four Palestinian women have also been killed in Iranian missile attack in the

Israeli-occupied Wes Bank. Four people were also killed in Syria when an Iranian missile struck a building in the Southern city of Sweida on February 28, 2026.

Two people were also killed and 12 more injured in Saudi Arabia as a result of falling of a projectile on a residential area in Al-Khari city, southeast of the capital of Riyadh on March 8, 2026. Two people have also been killed in two separate attacks in Bahrain, one missile hitting a residential building in the capital of Manama while the UAE's defense ministry said that on March 24, 2026 that one of its civilian contractors was killed in an Iranian attack on Bahrain. Two people were also killed on Oman on March 13, 2026 in a drone strike on an industrial one province, marking the first fatalities inside the country, that had been hosting mediation talks between the US and Iran. One person also died as result of projectile hitting a tanker off the coast of Muscat. One French soldier was killed and six others were wounded after a drone attack in northern Iraq, while busy in providing counter-terrorism training.

Potential Market Impact

A disruption to LNG flowing through transiting the Strait of Hormuz may cause major shock to the global gas market given the major role of Qatar in the trade of LNG (Paz, 2025). Qatar's inability to provide this LNG to the global market through alternative routes would cause irreparable loss to both the Qatar as well as the countries falling short of the supply. The absence of alternative routes for the supply of natural gas from Qatar and the UAE to the global LNG market other than the existing LNG liquefaction facilities would result in the shortage of the supply and available stock (Paz, 2025). Though Qatar has supplies piped to the UAE through the Dolphin pipeline with a capacity of 20.5 bcm in 2025, but the limited spare capacity of the pipeline cannot make up for the shortage. Moreover, Asian markets are the main destinations of Qatari and United Arab Emirates LNG since during 2025 about 90% of the total volumes of oil and petroleum products were destined to the Asian market through the Strait of Hormuz (Paz, 2025).

The volume of oil exported through the Strait of Hormuz, and the limited options to bypass it,

would mean that any disruption to flows would have huge consequences for the oil and petroleum products and their accessibility to the world market. This would result in a significant spike in oil prices coupled with physical shortages to be developed quickly if the disruption was to be prolonged. Since most of the oil transiting through the Strait of Hormuz is meant for the Asian markets, the impact of the disruption would be global in nature due to the immediate impact on pricing. The market impact would lead to the exacerbation of disrupting of oil transiting through the Strait where the spare crude oil production could fall short of availability in the market. With the exception of deliveries to Kuwait, all the LNG from Qatar and the UAE passes through the Strait of Hormuz. At present Qatar is the world's second largest LNG exporter, with the total exports of over 112 bcm during 2025 while the share of the UAE stands at 7 bcm. Both Qatar and the UAE had to export 7 bcm to Kuwait during 2025 with the total volume of LNG transiting through the Strait amounted to 20% of global LNG trade.

Regional Dynamics

The regional and global dynamics have suffered a lot on account of the ongoing conflict between US-Israel and Iran and resultant closure of the Strait of Hormuz by Iran. The loss of 20% of global LNG would fuel price volatility in the regional and international markets (Paz, 2025). Countries dependent on the trade and transportation of oil and petroleum products would be greatly affected particularly those relying on Qatari and Emirati LNG would suffer the most (Paz, 2025). It is important to mention that countries like Pakistan, India and Bangladesh had to import 2/3rd of their total LNG supplies through the Strait of Hormuz (Paz, 2025). Natural Gas dominates the power sector of both Pakistan and Bangladesh with gas-fired generation accounting for 25% and 50% of their electricity respectively during 2024 (Paz, 2025).

Insufficient supplies of LNG would cause a deterioration of electricity supply to the markets and household affairs. Further, the closure of the Strait of Hormuz has also created complications in the fluctuations of prices for oil and petroleum

products. The price hike has further resulted in the shortage of supply of daily commodities of life. Though the prolongation of the conflict coupled with the closure of the Strait of Hormuz and failure by the belligerent states to reach any agreement would create a major impact on the security and economic dynamics of US, Israel and Iran yet the regional and global dynamics would suffer huge loss to their economies resulting in many issues. Volatility of price of oil and petroleum products would have great impact on the increased prices of oil and petroleum products, increased prices of LPG and LNG besides their shortage in the market and timely accessibility to the world market.

Discussion and Conclusion

The recent US-Israel and Iran conflict has created great tension in the regional and global politics. The war brought about regional countries within its ambit when some countries of the Middle East and Gulf region were also impacted as result of the war. The worst scenario came when the Strait of Hormuz was closed down by Iran through re-routing waterways meant for the trade and transportation purposes. Many countries that were dependent on the Strait of Hormuz for trade and business enterprises faced severe difficulties in passing through the Strait of Hormuz. The Closure had many ramifications for the regional and global dynamics as 20% to 25% of the world trade is made through this sea-route. While some other countries are directly affected as a result of the closure since this led to the disruption of their entire trade and business activities.

The war has also brought about many death casualties and injuries to the countries participating or non-participating in the conflict. Though Iran has suffered a lot but the war also brought a lesson for the United States and Israel that some powers in the world do exist to retaliate when they are attacked and even block and close down the natural water courses and sea-routes by exercising their control. The US has been one of the affected countries of the Strait of Hormuz as most of exports to Mexico, Chile and Brazil have been greatly affected. Some other countries such China, India, Japan and South Korea that account for 69% of the world total crude oil and

condensate has also been impacted due to the closure of the Strait of Hormuz. The re-routing of commercial shipping through the territorial waters of Iran has resulted in imposing a \$ 2 million transit fee on all the ships passing through the Strait.

The closure of the Strait of Hormuz is the latest example of a geographically driven oil and petroleum supply disruption. The neighboring countries of Iran were also greatly impacted as a result of the ongoing conflict such as Saudi Arabia, Kuwait, Qatar and the UAE both financially and security wise. Moreover, Iran has received death casualties totaling as 3, 000 people, the number of casualties received by Lebanon stands at 1,830 that of Iraq stands at 117 people. Israel has received death casualties totaling 23, the number of death casualties by the US stands at 13 besides 300 injuries. Besides many other countries of the regional dynamics including Qatar, Oman, Turkey, Saudi Arabia and Bahrain has also been amongst the affected countries.

The regional and global dynamics has also received a setback in the market due to the disruption of the LNG through the closure of the Strait of Hormuz. Of all the regional dynamics, Qatar has badly suffered since its inability to provide LNG to the world market through alternative routes may not be possible. The shortage in the provision of LNG to the global market by Qatar would cause huge loss to the finances of Qatar as well as the recipient countries. Moreover, the Asian markets are main destinations for the Qatari and UAE LNG products catering for about 90% (during 2025) of the total volumes of oil and petroleum products were meant for Asia through the Strait of Hormuz. Countries like Pakistan, India and Bangladesh has also to import 2/3rd of their LNG supplies through the Strait of Hormuz.

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