UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Strait of Hormuz Disruptions

Beyond reopening: Lasting impacts on vulnerable economies

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UN trade & development
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Introduction

The reopening of the Strait of Hormuz would bring much-needed relief for many economies.

This is a first step toward a progressive recovery of energy markets and international trade.

However, during more than 100 days of shipping disruption, negative effects have already rippled through the global economy.

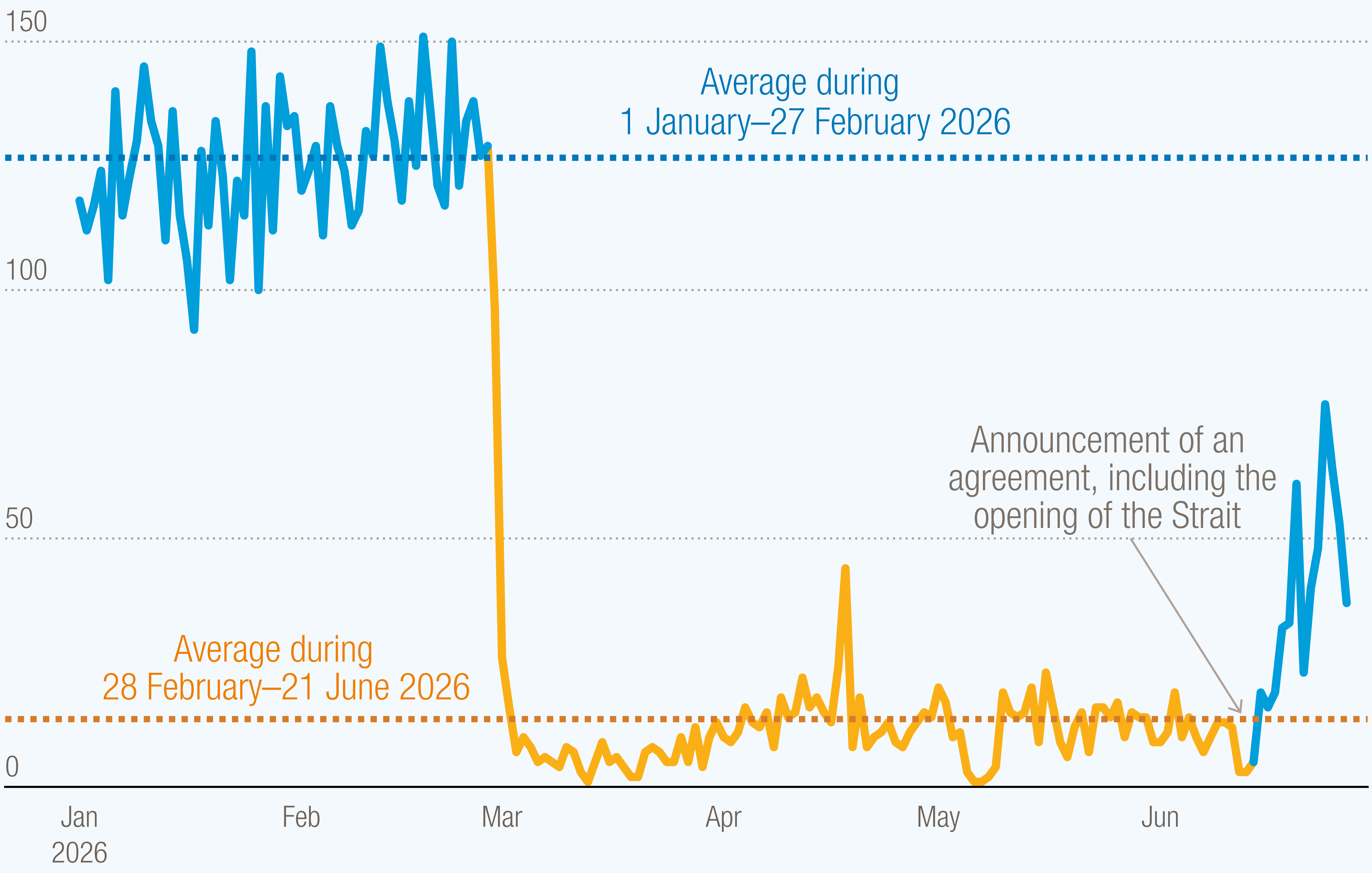
Vulnerable economies have been particularly exposed to oil and fertilizer price shocks. These shocks can result in persistent inflation.

People suffer from inflation, especially the poor. It squeezes household budgets and makes necessities–such as food and healthcare–less affordable.

The reopening paves the way for recovery. But for vulnerable economies, the path can be longer, uneven and costly. International support is needed to improve their ability to cope.

After 100+ days of disruption, trade through the Strait is set to resume.

Daily ship transits through the Strait of Hormuz in 2026

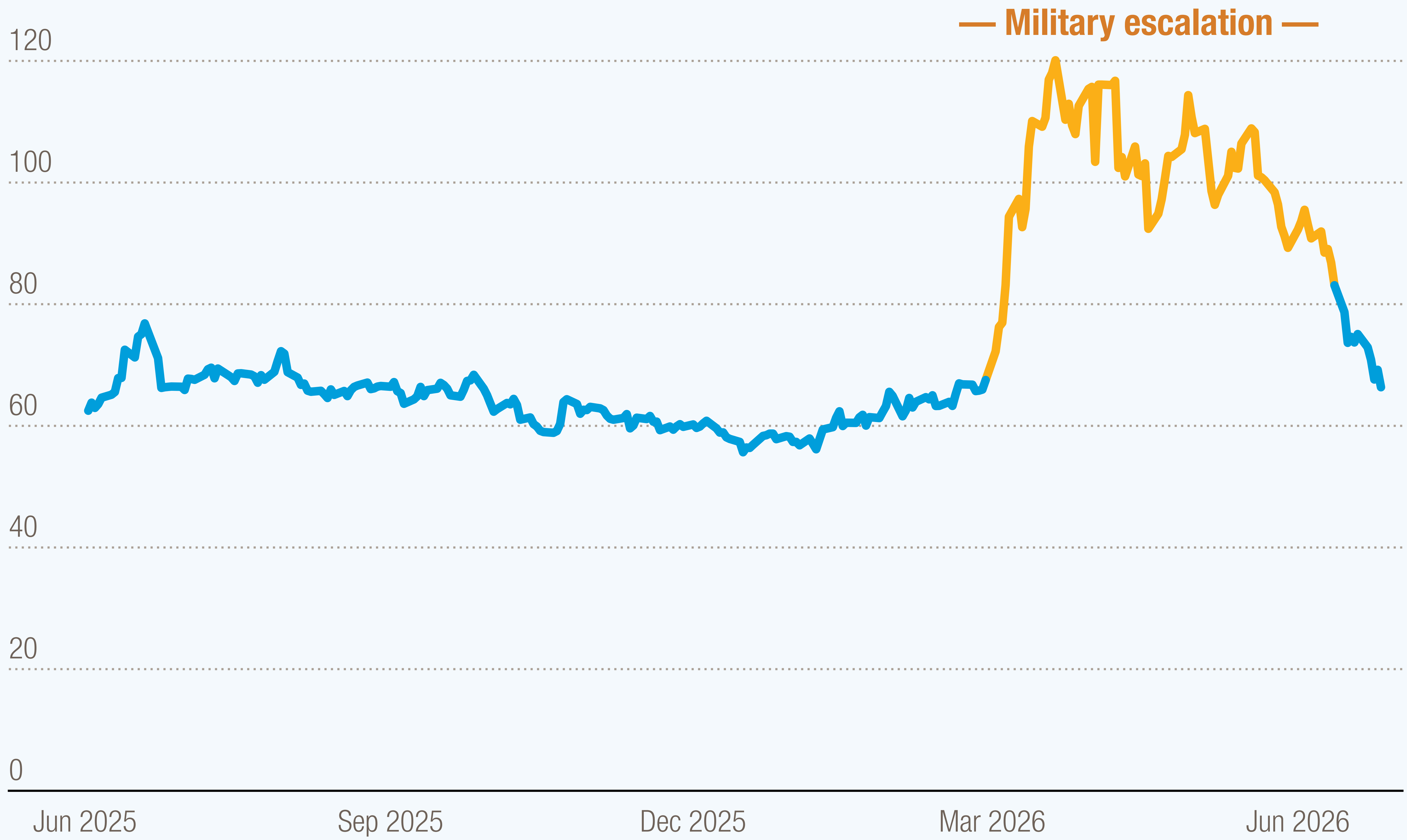


Source: UN Trade and Development, based on Clarksons Research Shipping Intelligence Network.

Note: Ship transits between 1 January and 27 June 2026.

The prospect of the Strait opening is calming energy markets down.

Daily price of crude oil in US$ per barrel



Source: UN Trade and Development (UNCTAD), based on internal research.

Notes: Prices evolution between 1 June 2025 and 26 June 2026. Crude oil refers to the average benchmark prices for Europe (Brent), Northern America (WTI), Middle East (Dubai) and Russia (Urals). The period highlighted as military escalation spans from 28 February 2026 to 14 June 2026, when an agreement, including the opening of the Strait, was announced.

But in some sectors, such as transport, prices take longer to adjust.

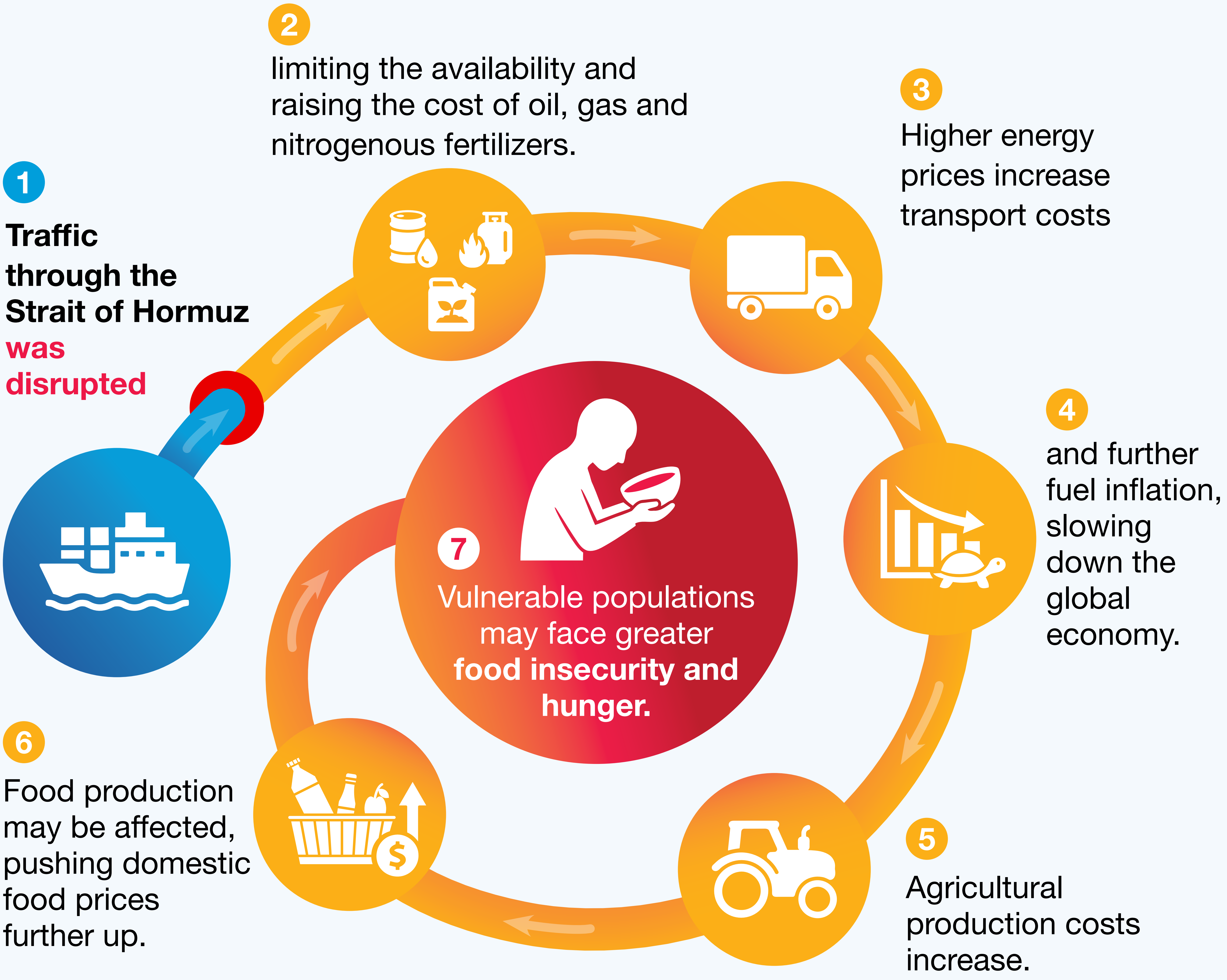
IGC Grains and oilseeds freight index (GOFI), 1 Jan 2013 = 100

Source: UN Trade and Development (UNCTAD), based on the International Grains Council (IGC).

Notes: Freight cost evolution between 1 June 2025 and 23 June 2026. The index covers 68 routes from key exporting origins, including Argentina, Australia, Brazil, Black Sea, Canada, the European Union, and the United States.

The shockwaves have already rippled through the world economy

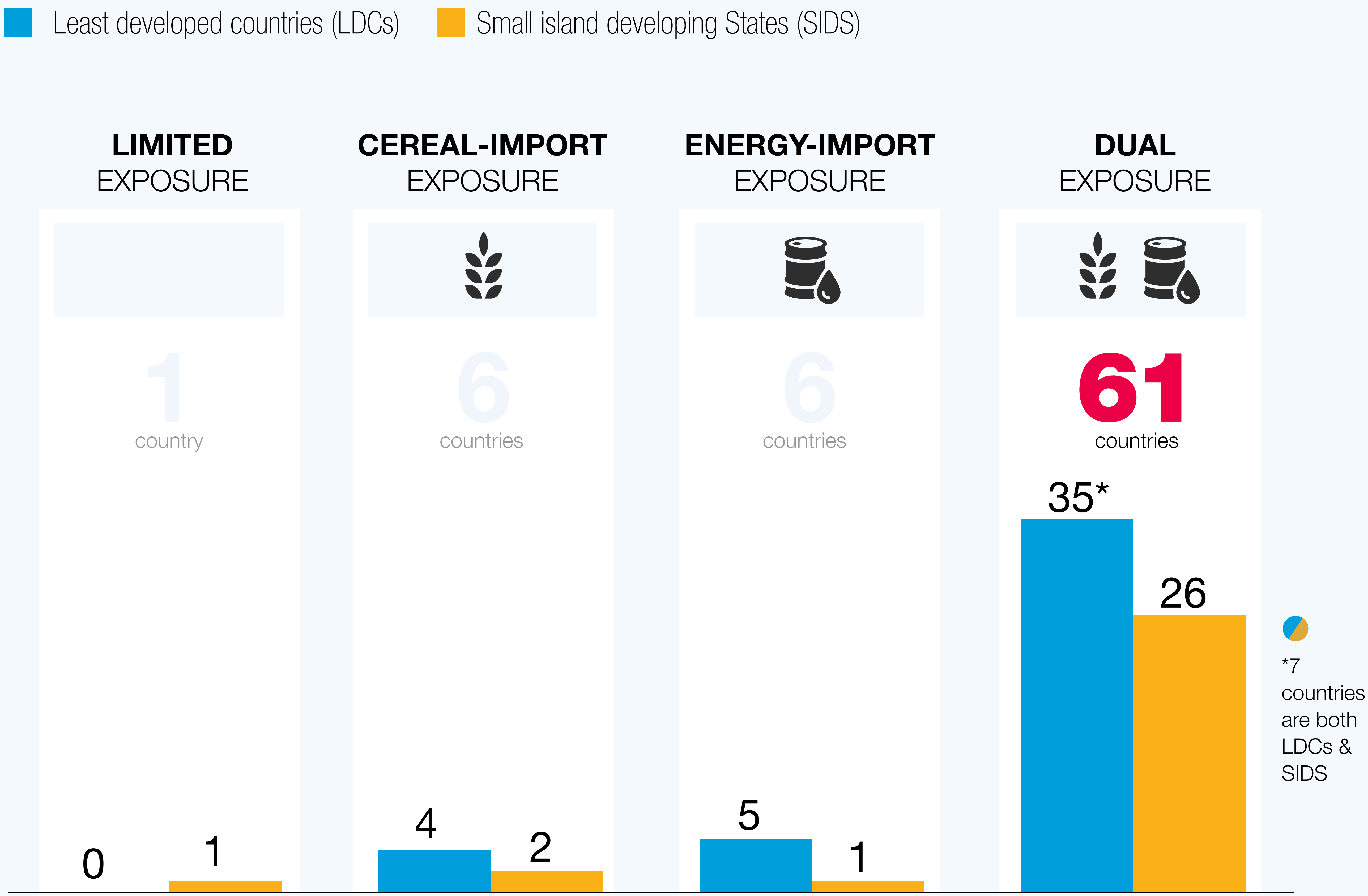
Past input price shocks remain a risk to future food security.



Source: UN Trade and Development (UNCTAD)

Most vulnerable economies are exposed to oil and food price shocks.

Number of economies that are net importers of oil or cereal products

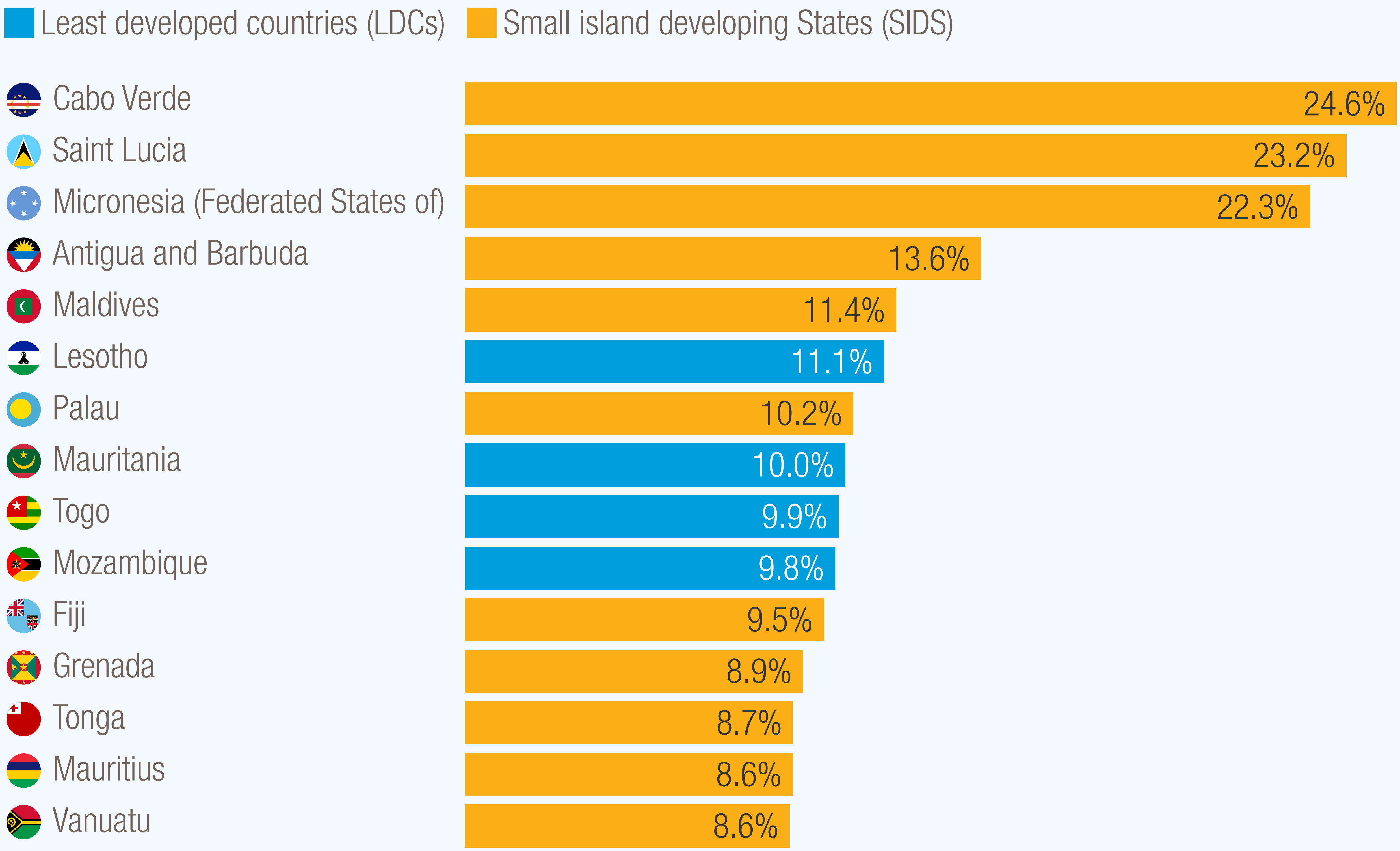


Source: UN Trade and Development (UNCTAD), based on UNCTADStat.

Notes: Seven LDCs with dual exposure, which are also SIDS, feature in the LDCs aggregate. Products referring to "petroleum, petroleum products and related materials" and "cereals and cereal preparations" of the Standard International Trade Classification (SITC 04 and 33).

Notably small island developing States depend heavily on oil imports.

Net imports of oil and petroleum products as a share of GDP, average for the period 2022-2024

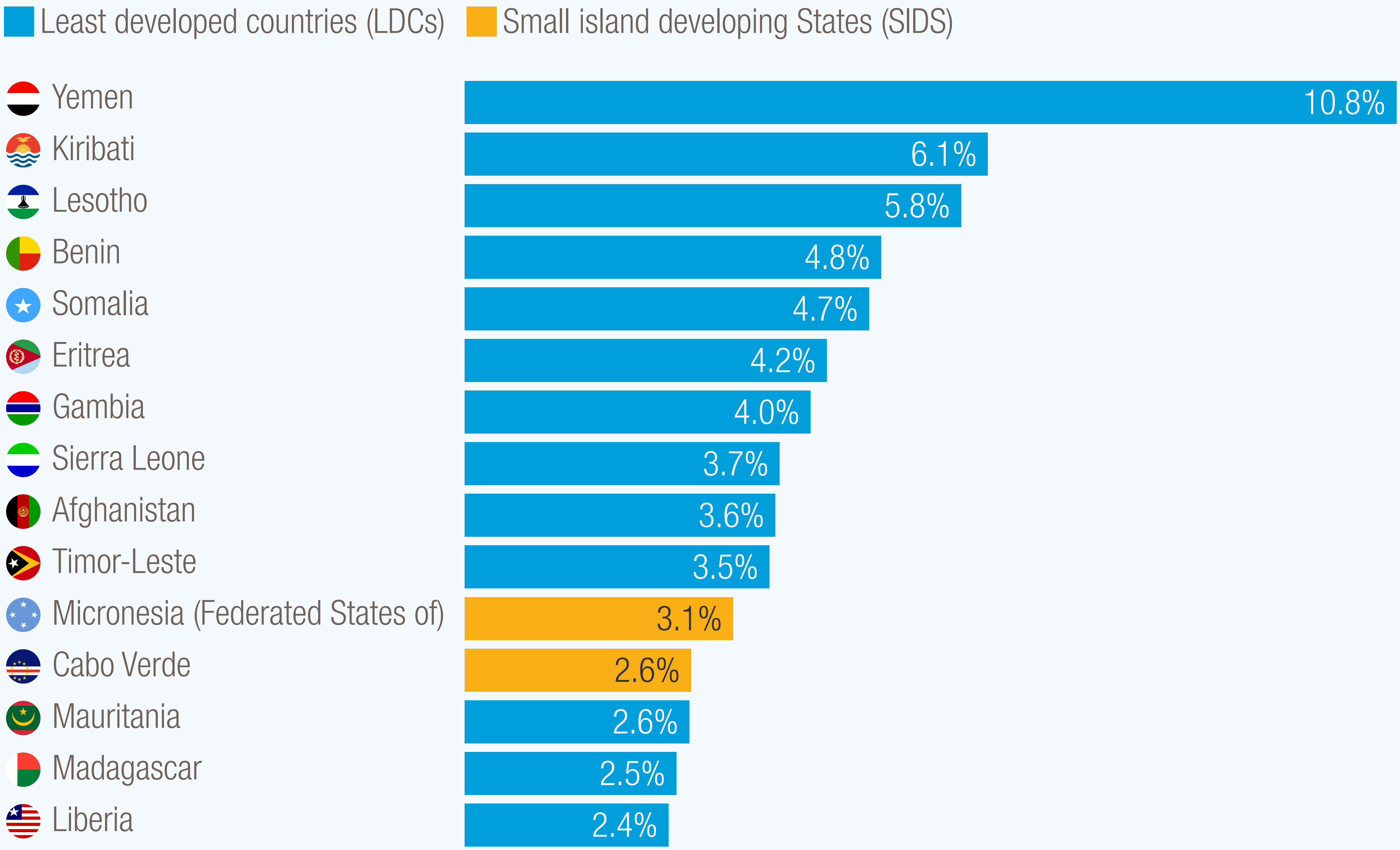


Source: UN Trade and Development (UNCTAD), based on UNCTADStat.

Notes: Selection of vulnerable economies facing dual exposure through net imports of oil products and cereals. Products referring to “petroleum, petroleum products and related materials” of the Standard International Trade Classification (SITC 33).

For many least developed countries imports of staple food are crucial.

Net imports of cereals and cereal products as a share of GDP, average for the period 2022-2024



Source: UN Trade and Development (UNCTAD), based on UNCTADStat.

Notes: Selection of vulnerable economies facing dual exposure through net imports of oil products and cereals. Kiribati and Timor-Leste are also small island developing States (SIDS). Products referring to “cereals and cereal preparations” of the Standard International Trade Classification (SITC 04).

Trade shocks hit hardest where the ability to cope is limited.

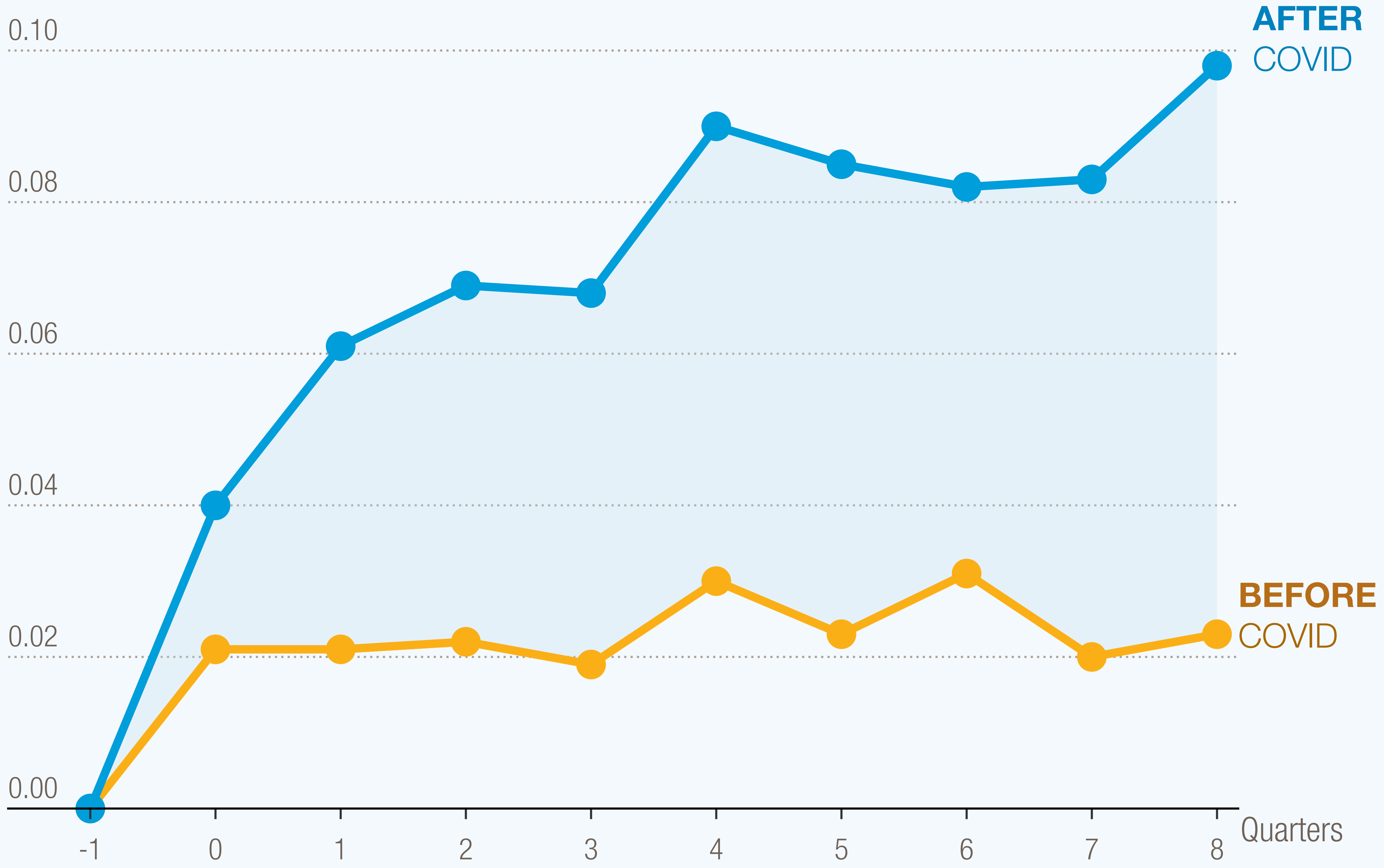
Tighter public finances mean less room to cushion shocks, especially when vulnerable countries face

- **difficulties to mobilize resources**, domestically or externally,
- **a heavy debt servicing burden** and exchange rate risks associated with high levels of external debt,
- **a drop in remittances** that could cut off a financial lifeline for some economies,
- **declining international aid**.

Short-lived energy shocks can have long-term consequences

In a fragile global economy, energy shocks fuel lasting higher inflation.

Impact of a 1 per cent change in energy prices on inflation, in per cent

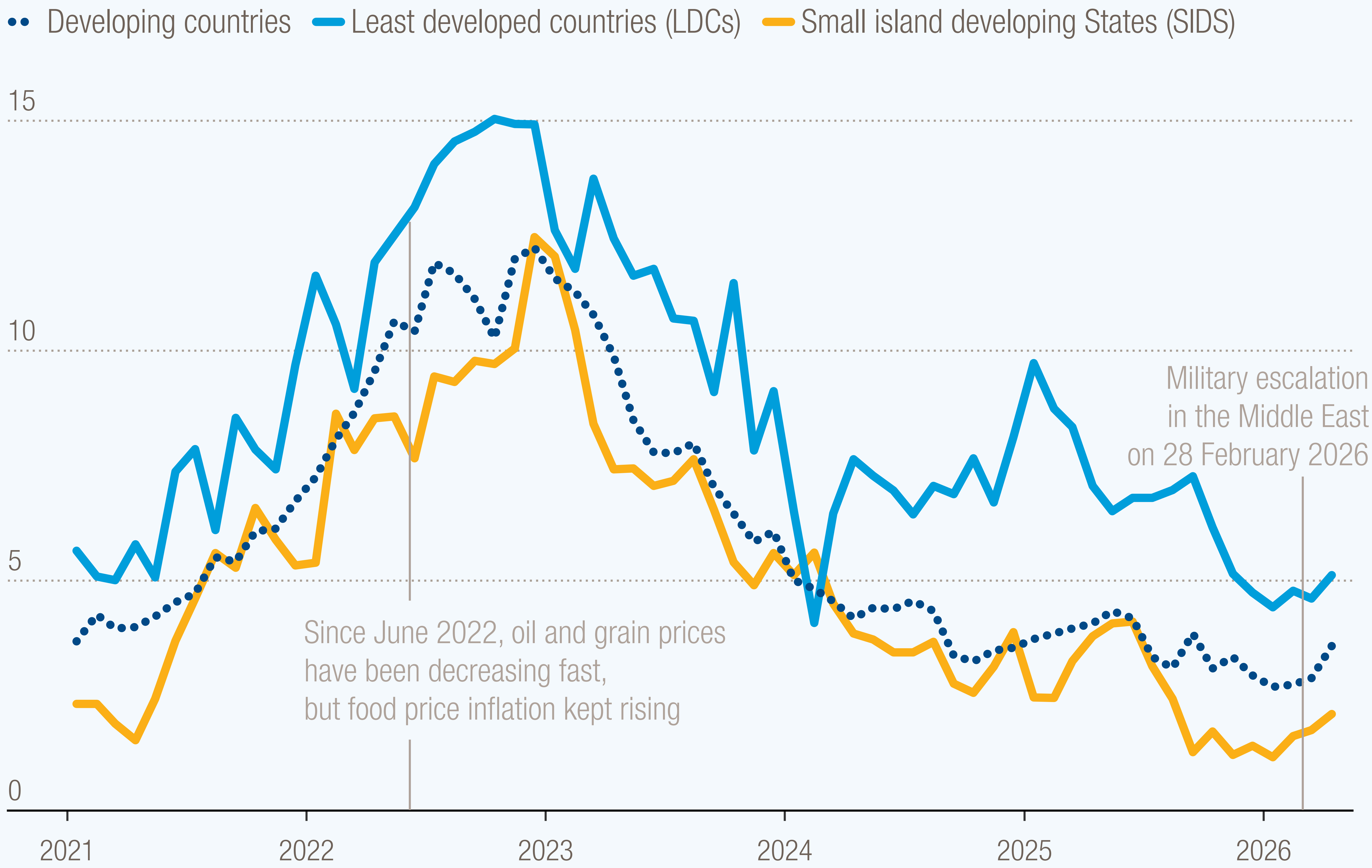


Source: UN Trade and Development (UNCTAD), based on IMF, Patrick Imam and Tigran Poghosyan (2026).

Note: Cumulative impact on inflation based on the consumer price index. Estimates based on 70 advanced and emerging economies. All coefficients were statistically significantly different from zero, based on a 95% confidence interval with robust standard errors.

Food price inflation may keep climbing even after the triggering shock fades.

Year-on-year food price inflation rate in developing countries, median by country group

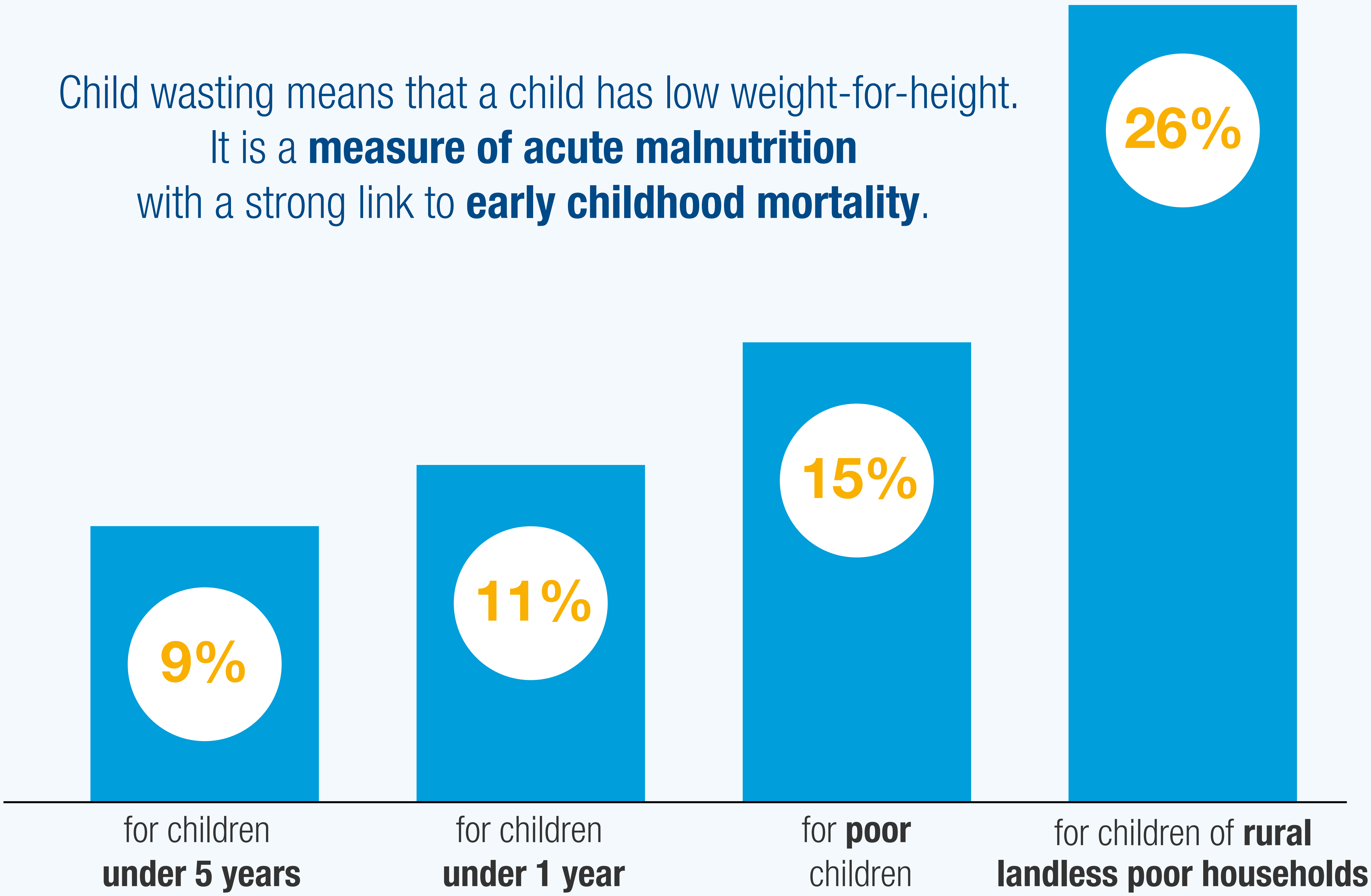


Source: UN Trade and Development (UNCTAD), based on national sources and OECD retrieved from LSEG Data & Analytics.

Note: Based on the consumer price index for food and beverages. Between 2020 and 2024, food prices were [driven by a combination] of COVID-19 inflation, the war in Ukraine and climate shocks. The depicted data covers 82 developing countries, 21 LDCs and 10 SIDS.

Short periods of unaffordable food can have lasting consequences.

Increased risk of child wasting associated with a real food price increase of 5%



Source: UN Trade and Development (UNCTAD), based on Headey and Ruel (2023).

Note: The study is based on 1.27 million pre-school children from 44 developing countries. Real food price increase corresponds to the food/total consumer price index (CPI) ratio.

Issues for consideration

1. **Normalization of trade will take time.**
   International energy prices can adjust fast, but shipping and value chains need time to adapt.

2. **The impact of the energy shock will continue to be felt unevenly.**
   Many vulnerable economies have limited ability to cope with soaring import bills. Countries dependent on oil imports face particularly strong domestic inflationary pressure.

3. **Food production risks remain.**
   Input price hikes that may have persistent impacts on production and trade, coupled with an expected strong El Niño, increase concerns about food insecurity.

4. **International support is needed.**
   Decreasing official development assistance and mounting debt servicing burdens risk slowing down recovery.

5. **Investment in resilience is key.**
   This includes diversification of trade sources, as well as other domestic resilience measures, conditional on financial constraints.

“These shocks will be felt for many months – with developing countries bearing the heaviest impacts.

I call on all parties to honour the ceasefire and redouble efforts.”

António Guterres
Secretary-General of the United Nations

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