



Conflict In The Middle East: Evaluating Convoy Feasibility Through the Strait of Hormuz

Baringa Reaction

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Executive Summary:

Conflict In The Middle East



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Latest conflict developments

- ▲ As of the 10th of March the intensity of the military conflict appears to be moderating. Following large-scale missile strikes in the early days of the war, the volume of Iranian attacks has declined, reflecting both the degradation of launch infrastructure and the likely depletion of some missile stockpiles. While Iran continues to conduct operations, the tempo of the conflict has clearly eased relative to the initial escalation. Recent military assessments similarly suggest Iranian strike capacity has been reduced by sustained US and Israeli attacks on launch sites and weapons inventories.

However, risk of continued disruptions to shipping in the strait of Hormuz remains high

- ▲ The risk of disruption to shipping through the Strait of Hormuz remains elevated which is the key dimension for assessing the economic implications. Iran retains a large inventory of relatively low-cost asymmetric systems, particularly drones and naval mines, which can threaten commercial shipping even without sustained large-scale missile attacks. Analysts note that Iran can produce drones at scale and could use mines or unmanned systems to disrupt the Strait for extended periods.

Recent market pricing:

- ▲ Energy markets are increasingly reflecting this shift. The initial surge in oil and gas prices was front loaded with a sharp downward slope on the TTF Futures price. This has started to change. As of 9th of March close, TTF futures are now showing elevated prices into 2027.

Could a convoy system work?

- ▲ Historical precedent suggests that maritime flows could nevertheless be partially restored. During the Tanker War of the 1980s, the US-led Operation Earnest Will convoy system escorted oil tankers through the Gulf, demonstrating that organised naval protection can allow commercial shipping to continue even in a hostile environment.
- ▲ Our analysis indicates that a similar convoy approach could restore a meaningful share of up to 50% of pre-crisis gas flows through the Strait. However, several important uncertainties remain.

Key questions remain

1. How quickly Iranian military capabilities can be degraded sufficiently to release naval assets for convoy escort.
2. The scale of international naval participation in any escort system.
3. Whether insurers, shipowners and crews will be willing to operate in a high-risk environment.
4. How LNG production and loading schedules could align with convoy timing and capacity constraints.
5. How limited export volumes would ultimately be allocated across global markets.

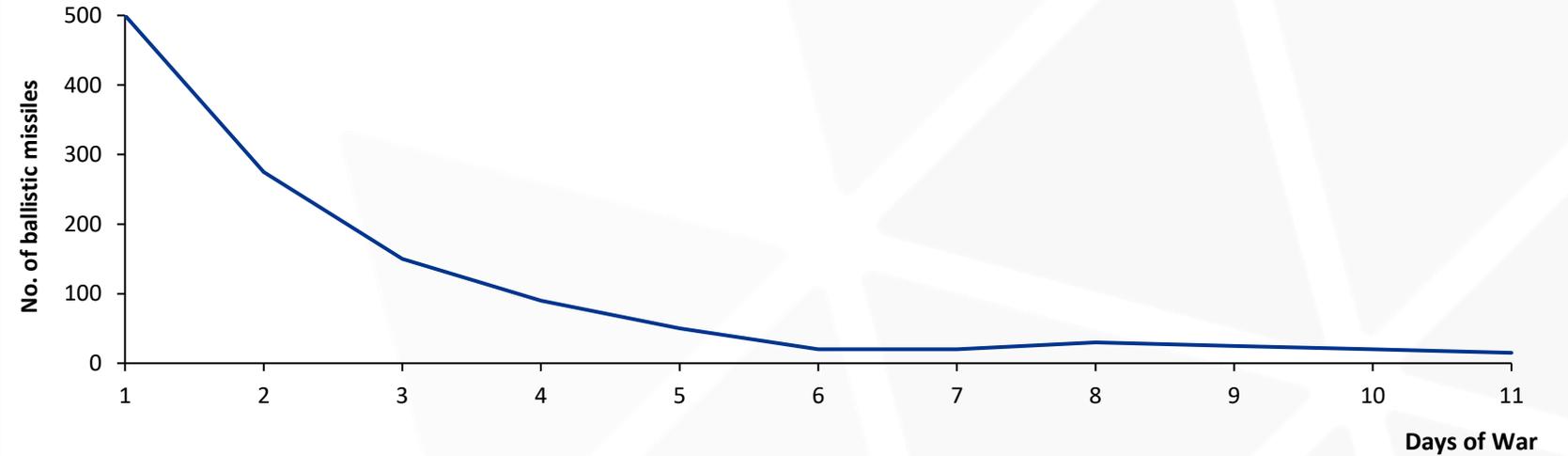
Military Developments: Iranian Missile Volumes Wane but Drone attacks Remain Intense

In the early days of the war, we saw large-scale ballistic missile launches from Iran, peaking at around 500 missiles on the first day. However, the volume of missile attacks has declined sharply over time, likely reflecting both the degradation of launch infrastructure and the gradual depletion of available stockpiles.

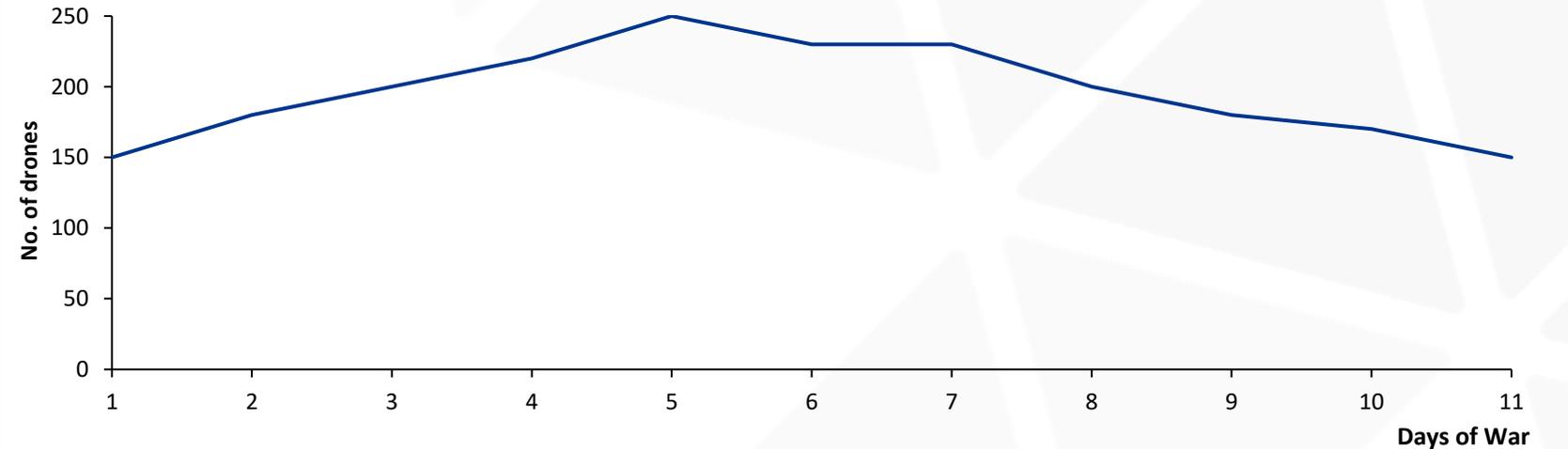
By contrast, drone attacks have remained far more persistent. While they also peaked around the middle of the conflict, the overall decline has been much more gradual, and daily launch volumes remain relatively elevated.

This reflects the extensive drone inventory of Iran.

Estimated Iranian ballistic missiles launched



Estimated Iranian drones launched



Source: Various media outlets

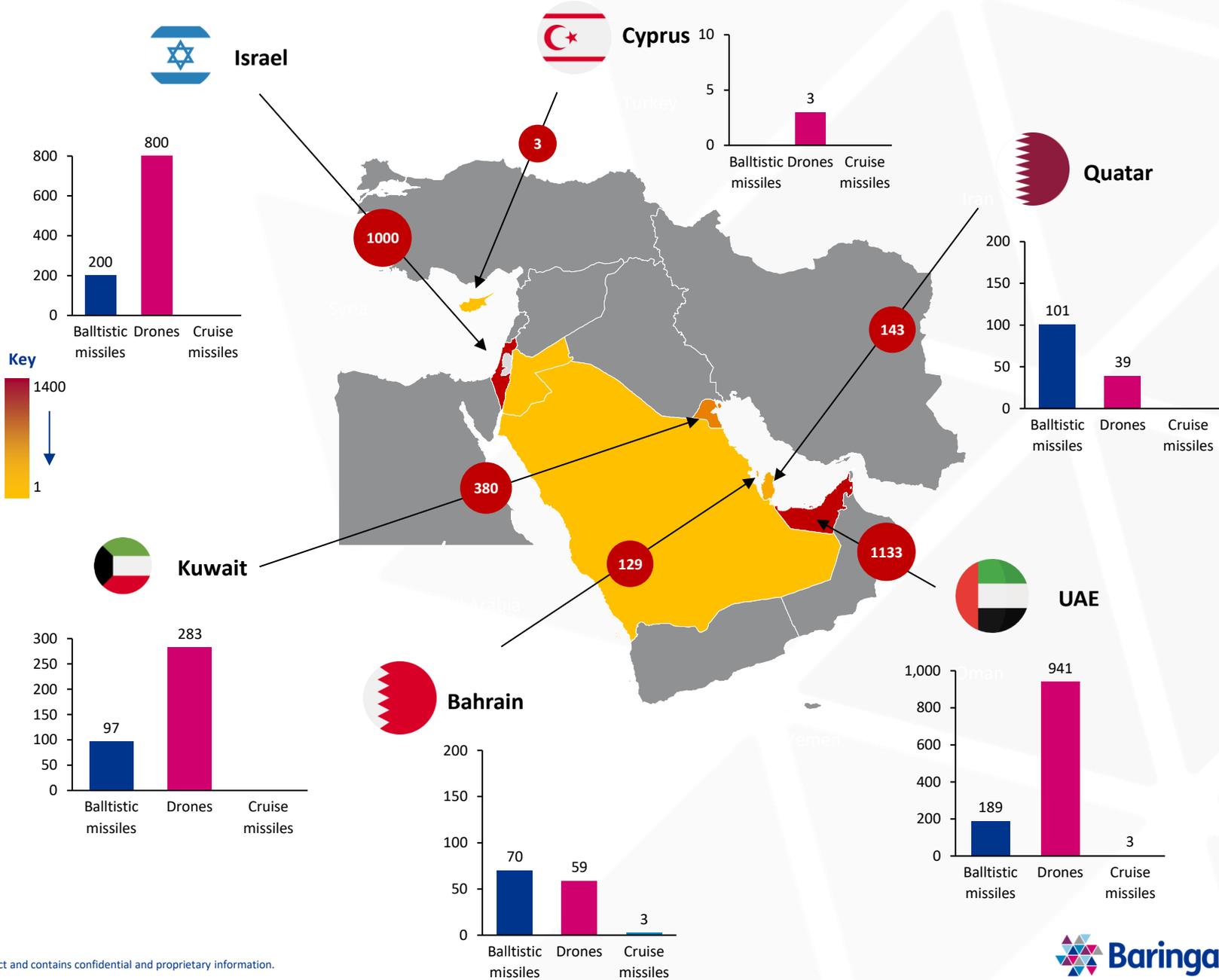
Iran Targets Western Interests

While Israel has experienced the largest overall volume of attacks, the data also shows that Gulf states have increasingly come within the strike envelope of Iranian missile and drone systems.

The UAE in particular has been a prominent target, reflecting both its close security alignment with the United States and Western partners, and the presence of major Western economic interests and a large expatriate population, which increases the political visibility of attacks.

More broadly, several Gulf states hosting US military facilities; including Qatar, Bahrain and Kuwait, have also been targeted, illustrating how the conflict has extended across the wider regional security architecture.

Importantly, these attacks appear to be part of an effort to increase pressure on Gulf governments to call for an end to hostilities. However, this strategy has so far had limited success, with Gulf states largely maintaining their existing diplomatic and security positions.



Source: Various media outlets

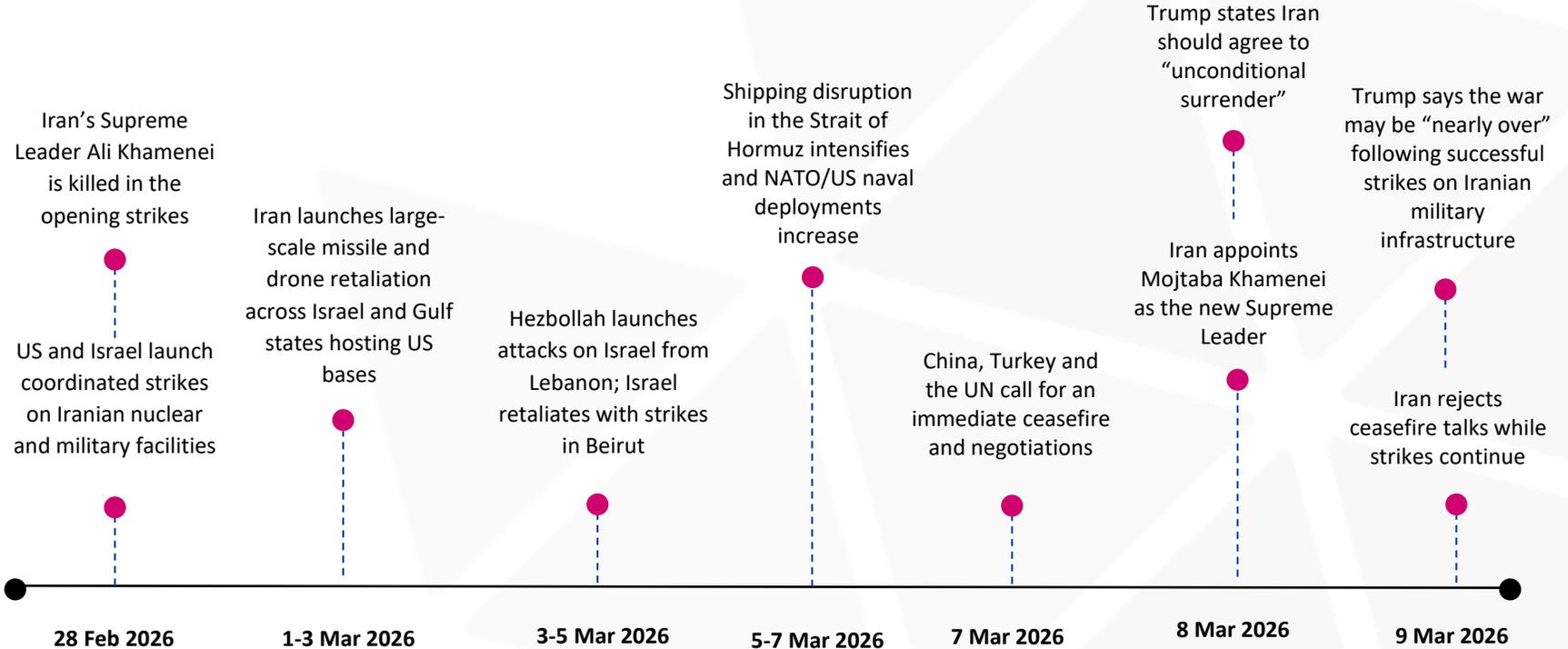
US Claims “War Nearly Over” Whilst Iran Doubles Down

This timeline shows the rapid escalation of the conflict over the past ten days. It began with coordinated US and Israeli strikes on Iranian nuclear and military facilities, including a decapitation strike that killed Iran’s Supreme Leader, Ali Khamenei.

Politically, Iran moved quickly to stabilise the regime. A temporary leadership council was initially established, before the Assembly of Experts appointed Mojtaba Khamenei as the new Supreme Leader, marking the first dynastic-style succession in the Islamic Republic.

More recently, the tone from Washington has shifted. The US has suggested Iran’s military capabilities have been significantly degraded, and President Trump has indicated the conflict may be “nearly over.”

However, Tehran is presenting a different narrative, with Iranian officials stating they intend to continue military operations and missile strikes for as long as necessary, suggesting the conflict may not yet be fully resolved



Largest Western strike on Iran to date and major regime shock for Iran; first leadership transition in Iran since 1989

Expansion of the war across the Middle East and the opening of a second front in the conflict

Raises global energy security concerns and pushes oil prices higher

Regime consolidates leadership during wartime

Suggests Washington believes it has significantly degraded Iran’s capabilities



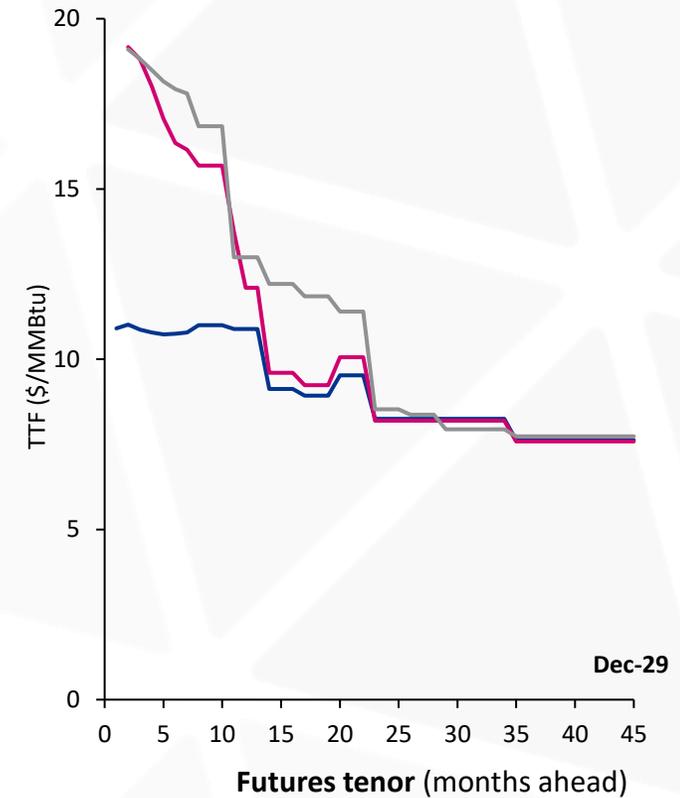
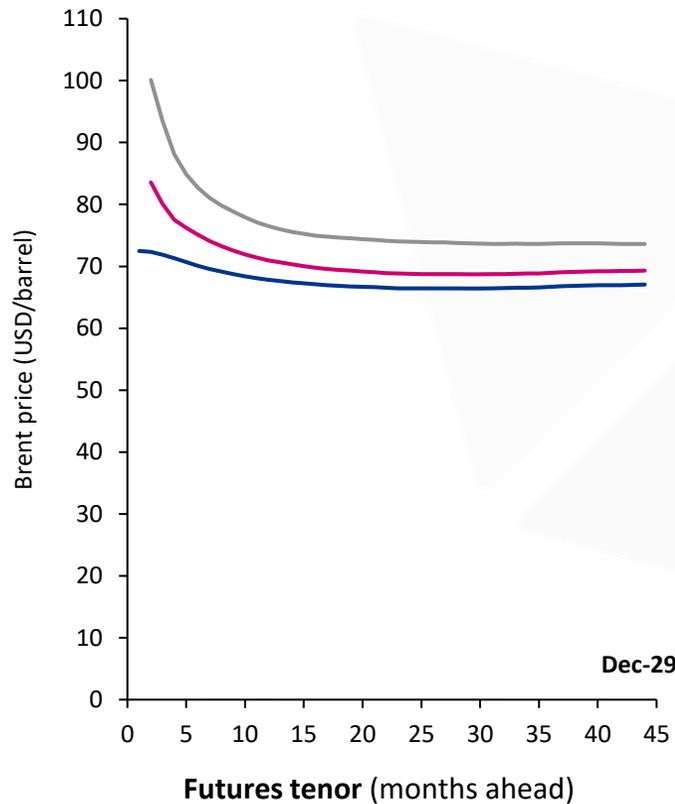
Middle East timeline

TTF & Crude Price Impact (27th Feb 3rd Mar, 9th March)

Latest Market Prices

Both the Brent and TTF curves shifted sharply higher at the front end following the initial strikes and concerns around disruption to shipping through the Strait of Hormuz as shown in the curves on the 3rd of March.

However, the latest curve (9th of March) suggests that Futures through into 2027 and 2028 for TTF have also risen; indicating fears of a longer crunch for European gas prices.



— Forward curve nominal- end Friday 27th Feb — Forward curve nominal- end Tuesday 3rd Mar — Forward curve nominal- end Monday 9th Mar

*Argus, month ahead end of day prices

Source: Argus

How to re-open The Strait: Nature of Strait Threats

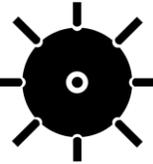
Iran possesses a range of relatively low-cost systems designed specifically to disrupt maritime traffic.

The short-range ballistic missiles such as the Fateh-110, which can threaten fixed infrastructure and potentially large vessels operating in confined waterways. Alongside this, Shahed-type drones have become highly commoditized, allowing large numbers to be deployed at relatively low cost.

At the tactical level, Iran continues to rely on asymmetric maritime tools, including explosive fast boats and naval mines. These systems are comparatively inexpensive but can create significant disruption if deployed in large numbers in a narrow chokepoint like the Strait of Hormuz.

The key implication is that the barrier to creating disruption is relatively low, even if sustaining a complete closure of the Strait would be considerably more difficult in practice.

The Iranian threat to the Strait of Hormuz

State	Weapon System	Type	Tech	Cost
	Fateh-110 	Ballistic Missiles		
	Shahed 	Commoditized Drones		
		Explosive Fast Boats		
		Mines		

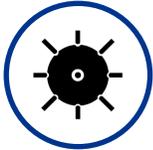
Lessons From History: Tanker War 1980

During the Tanker War of the 1980s, commercial shipping in the Gulf became a deliberate target of the Iran–Iraq conflict. Both sides attempted to disrupt the other’s oil exports and apply economic pressure by striking tankers transiting the region.

The attacks were frequent but generally low intensity. Missiles, rockets and small-boat attacks accounted for the majority of successful strikes, while mines were used more selectively but posed a persistent risk to navigation.

Across the conflict, around 450 ships were attacked, with roughly 50 sunk and around 200 damaged.

Successful strike by weapon used in 1987 during the Tanker War

	Missile/Rocket/Grenade	67
	Mine	8
	Gunfire	11
	Other/Unknown	83

Operational threats faced by tankers

	Ships attacked	450
	Ships sunk	50
	Tankers damaged	200
	Mines deployed	Hundreds

Source: US Naval Institute

Operation Earnest Will: 1987 Convoy System

During the 1980s Tanker War, commercial shipping through the Gulf did not stop completely. Instead, navies implemented a convoy system, grouping merchant tankers together and escorting them through the highest-risk sections of the route.

In a typical convoy, c.10 merchant tankers would travel together, protected by a small number of naval escorts. These usually included frigates and destroyers providing air defence and missile protection, alongside mine countermeasure vessels clearing the shipping lanes ahead of the convoy.

Convoys were also supported by helicopters and regional naval assets, which provided surveillance, reconnaissance, and rapid response if attacks occurred.

The key idea was that concentrating shipping into organised convoys dramatically reduced risk, allowing limited naval forces to protect large volumes of oil moving through the Strait while keeping the overall shipping route open.

Operation Earnest Will supported 3 convoys a month through the straight during 1987.

Source: US Naval Institute

Operation Earnest Will convoy system

Direct Naval/Air Escort



Operation was able to escort c10 Tankers



Denotes military convoy
Denotes escorted tankers

Theoretical Convoy Volumes: Earnest Will Mrk 2

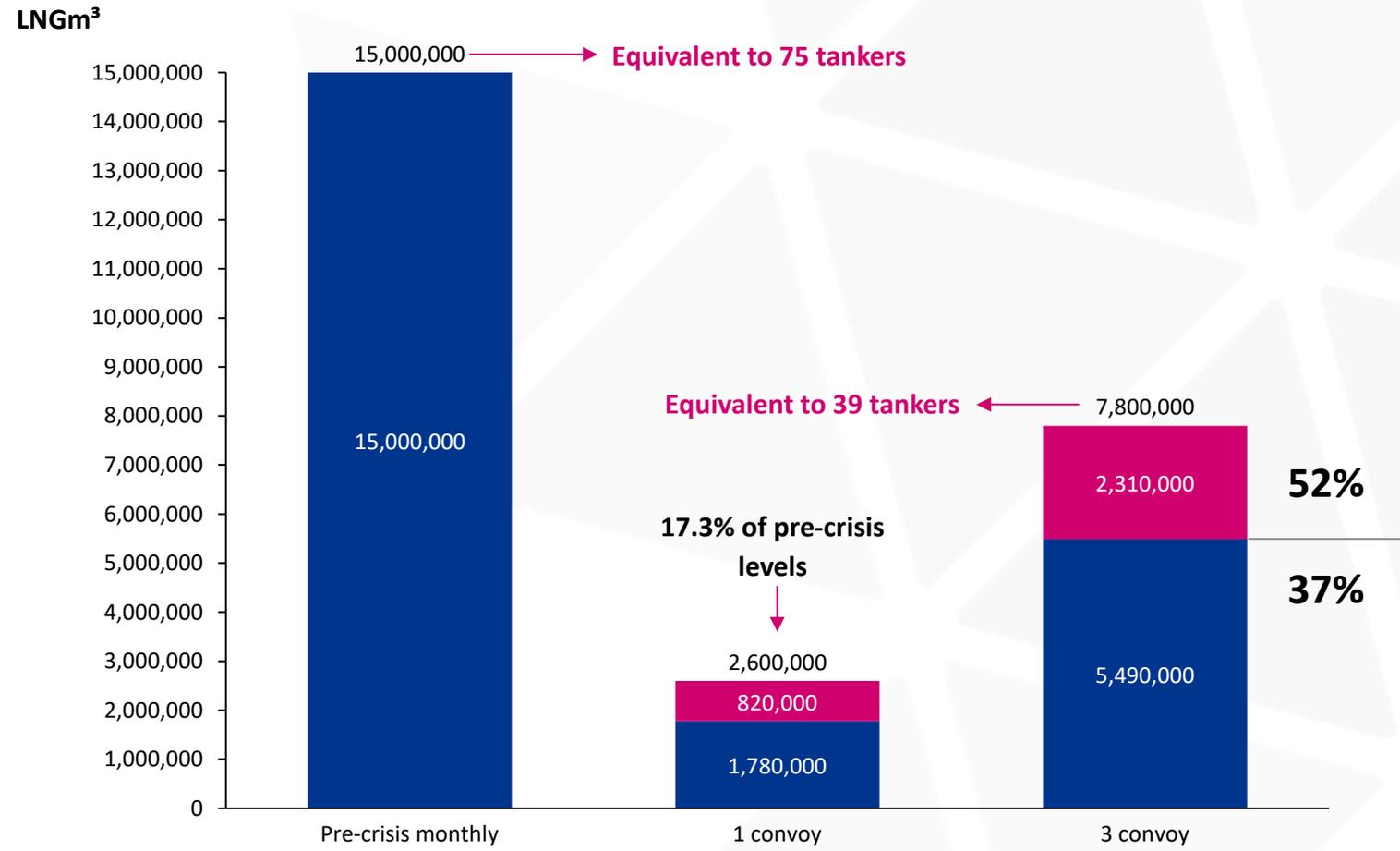
Before the crisis, roughly 15 million cubic metres of LNG were moving through the Strait each month.

If convoys escorted ten tankers at a time, a single convoy would move around 2.6 million cubic metres, equivalent to roughly 17% of normal monthly flows. Running three convoys per month would therefore restore around 37% of pre-crisis exports using standard LNG carriers.

If larger vessels such as Q-Flex or Q-Max ships could be prioritised within convoys, that figure could rise to just over 50% of normal export volumes.

The key takeaway is that even with significant disruption in the Strait, a convoy system could still maintain a meaningful share of LNG exports, helping stabilise global energy markets while the crisis persists.

3 convoys a month, escorting ten tankers each will result in 37% of pre-crisis exports, with potential for 52% if bigger vessels can be used



Smaller Ship Capacity Larger Ship Capacity



Source: Baringa

Current Naval Assets Are Nearly Sufficient

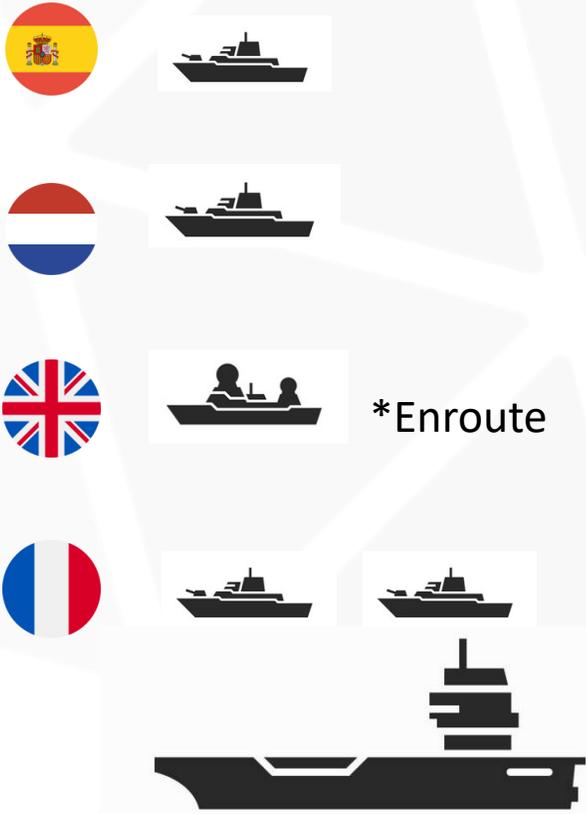
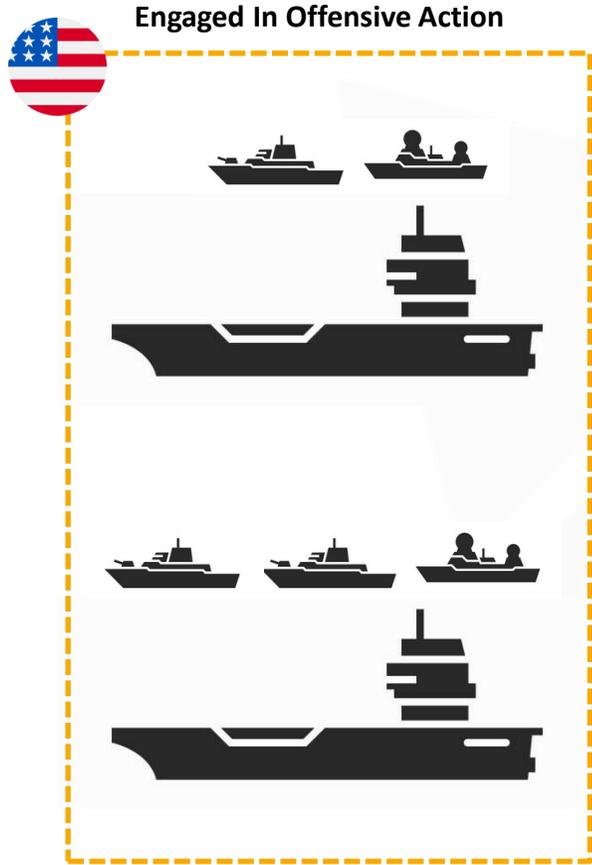
At present, US naval forces are heavily engaged in offensive operations and carrier strike group protection, which limits the number of vessels immediately available for escort duties.

However, establishing a basic convoy system through the Strait of Hormuz would likely require around six dedicated escort vessels to begin operations. This would typically consist of a mix of destroyers and frigates capable of air defence, missile interception and maritime security operations.

NATO and allied navies already have sufficient ships either deployed or moving into the theatre. Once US vessels are relieved of their offensive tasks and carrier protection roles, a portion of these assets could be reassigned to maritime escort duties.

In other words, the naval capacity required to initiate a convoy system already exists in the region, and the main constraint is operational prioritisation rather than absolute ship numbers.

Current naval capabilities



Source: Bloomberg

The Immediate Questions

We have tried to show that re-opening the Strait through a convoy system is operationally plausible. Historical precedent from the Tanker War suggests that with organised naval protection, commercial shipping can continue even in a hostile environment. Our analysis indicates that three convoys a month escorting around ten tankers could restore roughly half of pre-crisis LNG export volumes, particularly if larger vessels are prioritised.

However, five key uncertainties remain.

1. The nature of the threat
2. Commitment to the conflict zone
3. The role of insurance and merchant companies risk appetite
4. Production logistics
5. Commercial agreements and allocations

So while a convoy system could partially reopen the Strait, the speed and scale will depend on how these strategic, political and commercial factors evolve.

1

How quickly can Iran military capability be degraded to allow US naval assets to switch from offensive/carrier support to convoy protection?

2

How large and active will European & Gulf support be with naval assets? Will domestic politics limit the ability for countries to put military assets into the conflict zone?

3

Will government backed insurance be enough to encourage merchant fleets to sail? Will crews accept the risk of the journey?

4

Production ramp up. Can the sequencing of LNG production capacity be made to align with a convoy model?

5

Who gets what? How will any LNG exported through convoys be distributed to global markets?

Upcoming:

1

NEXT UP ON GAS

The fall out of the Middle Crisis: Winners & Losers

On going analysis

Watch out for further analysis as we assess how evolving market developments are shaping the perspectives of key stakeholders across the energy system.

We will examine the risks and opportunities facing participants and investors throughout the energy value chain, and explore the strategies they can use to protect themselves

2

MARKET INTELLIGENCE REPORTS

Cost Curves – March 2026

Our 2026 updated view of costs for power generation technologies

European Market Outlook – April 2026

The key trends from our updated future power market scenarios

This content and more, for subscribers, shared via our Energy Insights Portal

3

WEBINAR

Q1 Outlook Preview: Updated Assumptions for the European Power Market

Tue, 17 Mar 2026 14:00 - 15:00 (GMT)

Join our Baringa experts as they walk through the latest market assumptions ahead of our Q1 results release. We will explore how market changes have impacted commodity prices, our outlook for demand and supply as well as CAPEX. We will also share a preview of upcoming changes to the client portal, results files and reports.

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