2026 Global Energy Crisis

Why does the same global crisis hurt some places more than others?

Key Concepts:	**Supply and Demand:** The economic principle that prices rise when goods become scarce and fall when they become plentiful.
	Interdependence: When countries rely on each other for things like trade, energy, and food. This can lead to a crisis in one place affecting everyone else.

When war broke out between the United States and Iran in early 2026, the effects spread far beyond the Middle East – but they didn't spread equally.

The trigger was the closure of the Strait of Hormuz, the narrow waterway through which roughly 20% of the world's seaborne oil normally flows. Global oil supply fell by more than 10 million barrels per day in March alone. This was the largest disruption in the history of the oil market. Prices spiked. Every country that relies on imported oil felt it.

But what happened next looked very different depending on where you lived.

In wealthy, high-income countries such as the United States, Germany, and the UK, the crisis was primarily felt at the petrol/gas station. Prices went up sharply, household budgets were squeezed, and farming and manufacturing industries faced increased costs. Governments responded by cutting fuel taxes, releasing emergency reserves, or issuing cost-of-living payments. Painful, but manageable.

In lower-income countries across Southeast Asia, the story was far more serious. On March 24, 2026, the Philippines, which imports 98% of its oil from the Middle East, declared a national energy emergency. In Cambodia and Laos, hundreds of filling stations ran out of fuel entirely. Rice farmers in Myanmar were paying five times the pre-war price for fuel on the black market just to bring in their harvest, while some farmers in Cambodia stopped replanting their crops altogether because fuel and fertiliser had become unaffordable.

The oil shock also drove up food prices in ways that hit the poor hardest. Fertiliser shortages threatened harvests, and according to date from the World Economic Forum, in low-income countries, food accounts for roughly 40% of household spending compared to just 10% in wealthier nations. A price spike that causes inconvenience in Berlin or Ottawa can cause hunger in Phnom Penh or Yangon.

UNCTAD warned that 3.4 billion people already live in countries spending more on debt repayment than on health or education. This leaves little cushion to absorb a shock like this. The crisis didn't create global inequality, but it exposed and deepened it.

Comprehension Questions

1. How did the closure of the Strait of Hormuz lead to food insecurity in countries far from the Middle East.

2. What allowed high-income countries to absorb the oil shock more effectively than low-income countries?

3. How does the % of income spent on food explain why the same price spike harms poorer households more?

4. What step did the Philippines take in response to the crisis. What are the limits of these kinds of measures?

5. Why are some of the lowest-income countries now especially at risk?

Thinking Questions

1. The reading says the crisis "didn't create global inequality, but it exposed and deepened it." What does this mean? Do you agree?

2. Compare the situation in the Philippines with the situation in the United States. What differences explain why the crisis played out so differently in each country?

3. Who do you think bears the most *moral* responsibility for the suffering caused by higher fuel and food prices in poorer countries? Is it the countries that started the war, the oil companies, or wealthier governments that didn't act? Explain your position.

4. What would need to change for a country like Cambodia to be less exposed to this kind of global shock in the future? What are the challenges to making these kinds of changes?

What countries are the most vulnerable to the energy crisis?

Global Gas Prices: Before & After the Iran War

National average pump prices (USD/litre) · Regular Unleaded · Feb 23, 2026 → Late Apr 2026 · Source: Visual Capitalist

	COUNTRY	FEB 23, 2026	LATE APR 2026	CHANGE	GOVERNMENT RESPONSE
PH	**Philippines**	$0.72	**$1.24**	+72.6%	*State of national energy emergency declared; fuel tax suspended; free bus rides for students & workers; 4-day work week*
KH	**Cambodia**	$0.95	**$1.33**	+40.4%	*Import duties & VAT on fuel eliminated; diversified supply away from Thailand to Singapore & Malaysia*
US	**United States**	$0.86	**$1.16**	+35.1%	*IEA coordinated reserve release (400 mb); Strategic Petroleum Reserve drawdown; no federal fuel tax cut enacted*
AU	**Australia**	$1.06	**$1.37**	+29.3%	*Strategic reserve release; fuel quality standards relaxed; 'Every Little Bit Helps' conservation campaign; Singapore supply deal*
CA	**Canada**	$1.05	**$1.35**	+28.9%	*Federal carbon tax suspended; IEA reserve release participation; cost-of-living rebates to lower-income households*
GB	**United Kingdom**	$1.35	**$1.62**	+20%	*IEA reserve release; emergency household energy support payments; windfall tax on oil company profits extended*
DE	**Germany**	$1.74	**$2.06**	+18.6%	*Petrol station price regulation (anti-gouging); IEA reserve release; EU coordinated response; work-from-home guidance*
SG	**Singapore**	$1.98	**$2.24**	+13.3%	*Diversified crude supply origins; bilateral energy trade deal with Australia; leveraged financial reserves; refinery stabilisation*
JP	**Japan**	$0.98	**$1.06**	+8.2%	*Released 80 million barrels (15 days' demand) from strategic reserves; fuel subsidy programme extended; urged conservation*

Sources: Visual Capitalist · GlobalPetrolPrices.com · IEA 2026 Energy Crisis Policy Response Tracker · Wikipedia 2026 Iran war fuel crisis — currenteventshub.com

Discuss the effects of these increases that might be felt by the following people:

Delivery Driver in the Philippines	Farmer in Cambodia	Climate activist in Australia
Finance minister in Canada trying to balance the budget	Oil company executive in the USA	Low-income family in the United Kingdom

Looking at the data, what would you want your government to do?

What would you be willing to give up to get it?

Further Research

1. Pick two countries from the list and research what their government is trying to do to respond to the crisis.

Country:
Government Actions:

Country:
Government Actions:

2. From the reading, activities, and research, answer the question: *Why does the same global crisis hurt some places more than others?*