

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.

The 2026 Hormuz crisis has produced one of the starkest examples in recent memory of how a single geopolitical event can expose and deepen pre-existing global inequalities. The World Bank described the crisis as the largest oil supply shock on record, with an initial reduction in global output of approximately 10 million barrels per day. Every oil-importing country felt the consequences. But the nature of those consequences varied dramatically and not primarily by geography, but by wealth.

In high-income OECD economies, the crisis registered mainly as a consumer price problem. Energy prices are projected to surge 24% in 2026, threatening to spark inflation and stall economic progress. While this affects industries like farming and manufacturing, governments deployed a familiar toolkit: strategic reserve releases (in countries that have them), fuel tax suspensions, and cost-of-living subsidies. These responses were imperfect and costly, but they existed. Higher-income countries have the infrastructure to be able to provide these measures. Deep fiscal reserves, ability to borrow on short notice, and diversified supply chains all provided meaningful insulation from an energy crisis.

In lower-income, import-dependent economies, particularly across South and Southeast Asia, the same crisis can have drastically different consequences. The Philippines, which imports 98% of its oil from the Middle East, declared a national energy emergency, with the Philippine peso falling to a record low against the US dollar. In Myanmar, farmers were

paying five times the pre-war price for fuel on the black market, while Cambodian farmers stopped replanting crops due to unaffordable fuel and fertiliser costs. Energy economists warned that countries with small refining capacity such as Cambodia, Laos, and Myanmar would suffer the most, and filling stations across Laos closed entirely due to fuel shortages.

The link between oil and food is critical to understanding this global inequality. Approximately one-third of global fertiliser shipments pass through the Strait of Hormuz; with those disrupted, food prices rose precisely as planting season began in the Northern Hemisphere. The burden fell disproportionately on the poor: food accounts for roughly 40% of household consumption in low-income countries, compared to 25% in emerging markets and 10% in advanced economies. A price shock that hurts household spending in a wealthy household eliminates food security in a poor one.

In some of the lowest-income countries like South Sudan, Haiti, Yemen, Afghanistan, the Central African Republic, and Somalia, a third to half of the population already faced acute food insecurity before the crisis. They are now at risk of famine conditions from the oil price shock alone.

This example clearly shows the link between interdependence and inequality. All countries are linked through the same commodity markets and shipping routes, but their capacity to absorb shocks from those markets is profoundly unequal.

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. Distinguish between the *immediate* impacts of the crisis in the Philippines and its *structural* vulnerabilities that made those impacts worse.
4. What role did fertiliser supply disruption play in compounding the energy shock into a food security crisis?
5. Why are some of the lowest-income countries now especially at risk?

Thinking Questions

1. It is sometimes said that interdependence benefits is mostly globally beneficial. How does this crisis complicate this idea?
2. 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? Justify your position.
3. A government in a lower-income, oil-import-dependent country has limited fiscal capacity and limited strategic reserves. Using evidence from the crisis, recommend a policy approach that best balances immediate relief with longer-term resilience.

This image shows a full page of primary-ruled paper. It features ten sets of horizontal lines across the page. Each set consists of three lines: a solid top line, a dashed middle line, and a solid bottom line. The lines are evenly spaced and extend from the left margin to the right edge of the page. There is no handwriting or other markings on the paper.

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?*