Strait of Hormuz remains risk for supply chains

Dr. Vincent Stamer AC

Despite the ceasefire in the Middle East, shipping traffic through the Strait of Hormuz remains restricted. While Germany imports relatively little oil and natural gas from the countries bordering the Persian Gulf, it does import important chemicals and noble gases. In addition, some Asian countries may be able to export fewer goods, such as electronics, to Europe due to shortages of oil and natural gas. Currently, there are no signs of a supply chain crisis like the one during the pandemic. However, that could change.

Iran maintains leverage by restricting the Strait of Hormuz ...

A two-week ceasefire between Iran on one side and the U.S. and Israel on the other has been officially in effect since Wednesday. However, it remains fragile, and negotiations for a long-term peace are likely to be very difficult given the contrary positions. Even if there is no further escalation – which we assume will be the case – and the ceasefire is repeatedly extended, mutual threats are likely to become the norm. The Strait of Hormuz is likely to remain a major point of contention. Currently, traffic through the strait is effectively still suspended, and restrictions are likely to occur repeatedly in the future as well.

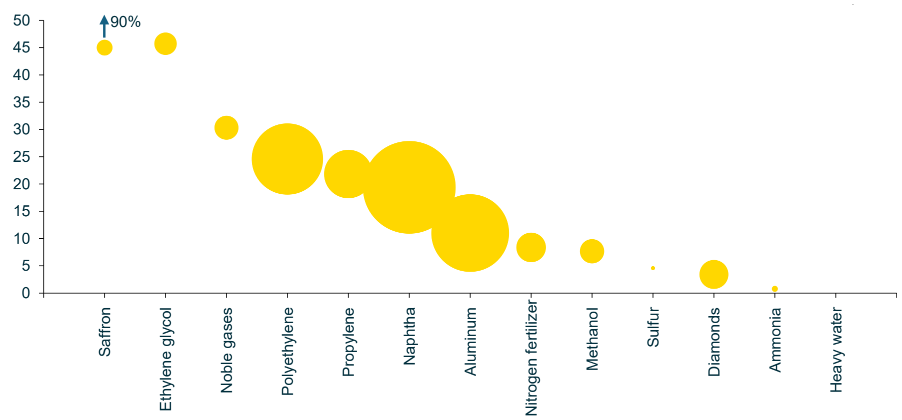
... which is also relevant for German supply chains.

With de facto control of the Strait of Hormuz, Iran holds leverage over the entire global economy. Even though Europe – and Germany in particular – obtains a large portion of its oil and natural gas from other countries rather than the Middle East, supply chains could be jeopardized. This is because Germany and other European countries import various goods, such as chemicals, noble gases, and aluminum, from countries bordering the Persian Gulf. Furthermore, there is an indirect dependency through countries –particularly in Asia – that are themselves dependent on energy from the Middle East and serve as key suppliers for German and European industry.

Direct dependence, particularly in the case of petrochemicals, ...

Since many important chemicals are derived from petroleum (petrochemicals), and natural gas is required for the production of synthetic fertilizers, a significant portion of the relevant production facilities are located in the countries surrounding the Persian Gulf. Of all goods, the EU economy is likely to be most dependent on imports of petrochemicals and helium from this region [1]. For example, up to half of all EU imports of certain chemicals come from there (Chart 1). In contrast, dependence on aluminum and fertilizers may be lower than commonly assumed (for a more detailed analysis of individual products, see box).

Chart 1 - The Middle East plays an important role in petrochemicals
EU imports from countries bordering the Persian Gulf as a percentage of EU imports from the world overall; the size of the bubble corresponds to the absolute import value



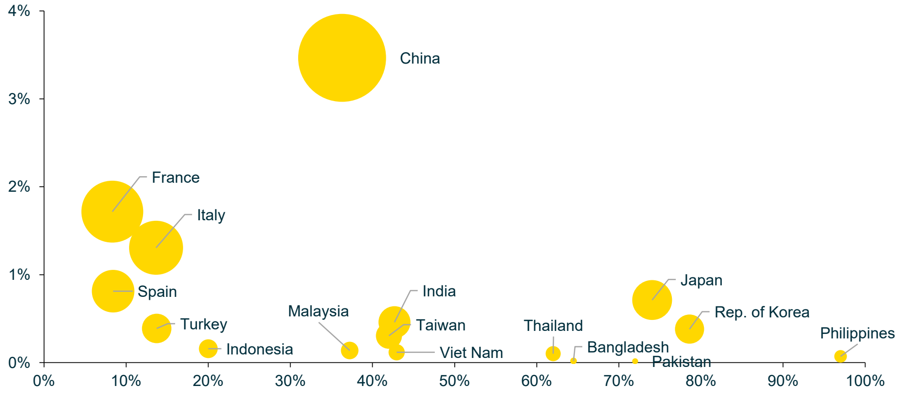
Source: UN Comtrade, Commerzbank-Research

... and indirect dependence via Asian countries

An additional risk to the supply chains of European and German companies arises from the fact that many Asian countries that supply intermediate goods to Germany source a large portion of their oil from the Middle East. If they were forced to curtail production due to energy shortages, this could disrupt the supply of certain intermediate goods to German industry.

Examples of countries heavily dependent on oil supplies from the Persian Gulf region include the Philippines, Pakistan, and Thailand, where there are already reports of gasoline and natural gas rationing (Chart 2). However, the significance of these suppliers for the German economy is very limited. For all three countries combined, the share of intermediate goods produced there in industrial products manufactured in Germany amounts to less than one-quarter of a percent.

Chart 2 - Japan and South Korea depend on the Persian Gulf
x-axis: Share of oil consumption accounted for by imports from countries bordering the Persian Gulf (2024); y-axis and bubble size: Share of foreign value added in German manufacturing output (2022)



Source: UN Comtrade, OECD, Energy Institute, Commerzbank-Research

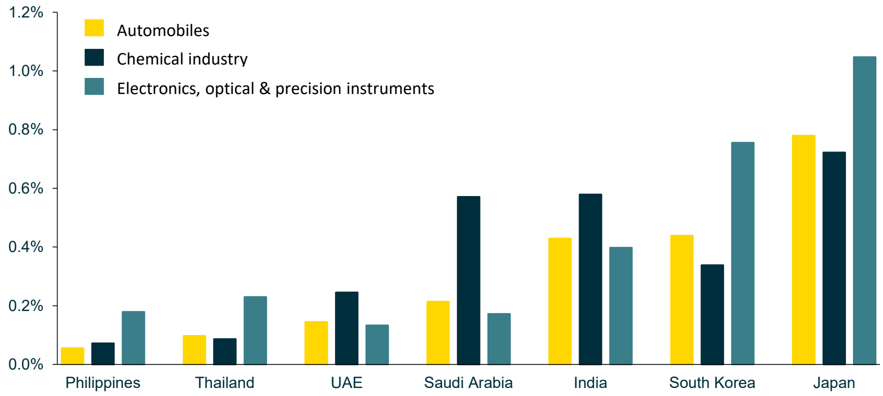
Japan and South Korea are major suppliers to German industry; they, too, cover 70% to 80% of their oil consumption with supplies from countries in the Persian Gulf region. A finished good produced in Germany contains 0.3% value added from South Korea and 0.7% value added from Japan [2]. In other words, for every 100 euros worth of goods, roughly 1 euro of that value comes from Japan and South Korea. However, given the large oil and oil products inventories, there have not yet been any significant supply constraints in this regard.

India, which has been able to reduce its dependence on oil from the Persian Gulf through supplies from Russia, and China, which benefits from its domestic production, are less dependent on oil shipments from the Middle East. Unlike during the COVID-19 pandemic, supplies from China – which is crucial for German industry – have thus far been less severely threatened. But the longer the Strait of Hormuz remains blocked, or at least subject to transit restrictions, the greater the risk that China will also face shortages.

Which industries are affected by indirect dependencies?

Supply chains linked to Japan and South Korea, in particular, could therefore come under strain in the future. This primarily affects German production of electronic goods, precision engineering, and optics (Chart 3). The same applies to India with regard to the chemical industry (and consequently also to the pharmaceutical industry). Dyes, precursors for agricultural chemicals, and many precursors for drug manufacturing originate from there, making the country a similarly important supplier of precursors to the chemical industry as Saudi Arabia and even significantly more important than the United Arab Emirates.

Chart 3 - Germany depends on Asia for Electronics
Share of foreign value added in German production by German sector



Source: OECD, Commerzbank-Research

No repeat of the supply chain crisis (yet)

The adequate supply of intermediate goods to German and European industry could therefore be directly and indirectly disrupted by ongoing restrictions on traffic through the Strait of Hormuz. However, for the coming weeks at least, a similar escalation of the situation as in 2021 is unlikely for various reasons:

1. There are alternative sources of supply for many goods from the Middle East (such as aluminum and fertilizers).
2. Important petrochemicals and helium should also be able to be shipped to some extent via the Arab ports on the Red Sea.
3. Even helium, which is virtually irreplaceable, can be rationed in certain areas for entertainment and sports and prioritized for industrial use.
4. Asian countries, particularly Japan – which is important for Germany – have high stockpiles of crude oil.
5. Not every gasoline rationing measure in Asia (four-day workweeks for government offices, work-from-home rules, and carpooling, etc.) implies a reduction in production. On the contrary, these countries are likely to prioritize companies that produce for export.

Of course, there may still be isolated supply disruptions in the coming weeks, and even without such disruptions, prices could rise rapidly. However, a full-scale supply chain crisis is unlikely to materialize unless the Strait of Hormuz remains effectively closed for several more months, causing stockpiles in Asia to dwindle.

Box: Key Intermediate Goods from the Middle East

We examined the goods most frequently cited in recent discussions regarding potential supply bottlenecks to determine whether Europe actually sources many of these goods from the Middle East, whether lost imports can be replaced by imports from other countries or domestic production, and whether these goods are essential for industry or daily needs. Based on these criteria, we have classified German industry's dependence on supplies from the Middle East as "high," "medium," and "low":

HIGH Petrochemicals such as naphtha, methanol, ethylene, polyethylene, and their derivatives: These chemicals are used in plastics production, as solvents (including in the pharmaceutical industry), and as fuel additives. Ethylene glycol, for example, is a basic building block for PET, and nearly 50% of it is imported from the Middle East (Chart 1). There are isolated alternative sources such as the U.S. and African countries, but these are expensive and their transport poses significant logistical challenges. Domestic production is limited. This is most likely where Germany's highest dependence lies.

HIGH Helium and noble gases: Helium is essential for the production of computer chips and magnetic resonance imaging (MRI) scanners, among other things. With an estimated market share of around one-third, Qatar is the second-largest supplier worldwide, as noble gases are typically byproducts of natural gas production. There are limited alternative sources, such as the U.S. and Algeria, but no European production on a relevant scale. Compounding the issue is the fact that even in the most modern containers, helium cannot be stored without losses. However, helium can be rationed first in less essential applications (balloons and scuba diving).

MEDIUM **Aluminum:** Important in nearly all industrial processes, but the global supply is diversified. About 10% of the European Union's imports come from the region around the Persian Gulf (Chart 1). Europe can meet just under half of its aluminum demand through domestic production and increasingly important recycling.

MEDIUM **nitrogen fertilizers such as ammonia/urea:** This is the main category of fertilizers in Europe, significantly outpacing phosphate and potash fertilizers. However, only a fraction of the fertilizer imported into Europe comes from the Persian Gulf [3]. According to the fertilizer industry (**study**), half of nitrogen fertilizer is derived from organic sources (manure), and there is production in Europe from alternative natural gas sources (primarily Norway).

LOW Sulfur: Important in industrial processes. However, there are many other suppliers of sulfur.

LOW Heavy water (deuterium): Used in nuclear reactors and is therefore only indirectly relevant to Germany. Alternative sources, such as Canada, exist.

LOW Diamonds: The importance of the countries around the Persian Gulf has rapidly declined here, as diamonds are increasingly being produced synthetically in China, for example.

LOW Saffron: Almost all global saffron cultivation is concentrated in countries around the Persian Gulf. As a luxury item, it is not an essential good for the majority of the population in Europe

back to text

[1] We are deliberately analyzing imports for the entire European Union here, rather than just Germany. This is because German customs authorities incorrectly report many petrochemical imports as originating from Belgium and the Netherlands. In fact, the goods are imported from various countries and are only temporarily stored at North Sea ports in Belgium and the Netherlands. To avoid this distortion in the German statistics, we use European statistics on imports from outside the EU. (back to text)

[2] The value added of a finished product manufactured in Germany also includes corporate profits, labor costs for the final stage of production, and various services (logistics, wholesale, etc.). Therefore, the share of foreign value added is likely to be even higher for intermediate goods. (back to text)

[3] Egypt, Russia, and Algeria are significantly more important suppliers. Egypt, for its part, uses natural gas from its own production and LNG from Israel. Since Israel is limiting its natural gas production, we already count the portion of Egyptian production that depends on it as imports from the countries bordering the Persian Gulf. (back to text)

Analysts

Dr. Jörg Krämer AC
Chief Economist
+49 69 136 23650
joerg.kraemer@commerzbank.com

Bernd Weidensteiner AC
Senior Economist
+49 69 9353 45625
bernd.weidensteiner@commerzbank.com

This report was completed 10/4/2026 07:19 CEST and disseminated 10/4/2026 07:19 CEST.

This document has been created and published by the Group Research department (GM-R) within the Group Management division of Commerzbank AG, Frankfurt/Main or Commerzbank's non-US branch offices mentioned in the document.

Analyst Certification (AC): The author(s), denoted by AC at the beginning of this report, individually certifies that the views expressed in this report accurately reflect their personal views about the subject securities and issuers; and no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document.

It has not been determined in advance whether and in what intervals this document will be updated. Unless otherwise stated current prices refer to the most recent trading day's closing price or spread which may fluctuate.

Conflicts of interest

Disclosures of potential conflicts of interest relating to Commerzbank AG, its affiliates, subsidiaries (together "Commerzbank") and its relevant employees with respect to the issuers, financial instruments and/or securities forming the subject of this document valid as of the end of the month prior to publication of this document*:

Please refer to the following link for disclosures on companies included in compendium reports or disclosures on any company covered by Commerzbank analysts: **https://commerzbank.bluematrix.com/sellside/Disclosures.action***

*Updating this information may take up to ten days after month end.

Disclaimer

This document is for information purposes only and has been prepared for recipients who, like professional clients according to MiFID II, have the experience, knowledge and expertise to understand information related to the financial markets. The document does not take into account specific circumstances of any recipient and the information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever. Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risks, legal, regulatory, credit, accounting and tax implications.

The information in this document is based on public data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. Commerzbank has not performed any independent review or due diligence of publicly available information regarding an unaffiliated reference asset or index. The opinions and estimates contained herein reflect the current judgement of the author(s) on the date of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

In order to address potential conflicts of interest Commerzbank's Research department operates independently of other business units of the bank. This is achieved by way of physical and administrative information barriers and separate reporting lines as well as by written internal policies and procedures.

This communication may contain trading ideas where Commerzbank may trade in such financial instruments with customers or other counterparties. Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favourable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Commerzbank and or its affiliates may act as a market maker in the instrument(s) and or its derivative that has been mentioned in our research reports. Employees of Commerzbank and or its affiliates may provide written or oral commentary, including trading strategies, to our clients and business units that may be contrary to the opinions conveyed in this research report. Commerzbank may perform or seek to perform investment banking services for issuers mentioned in research reports.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Additional notes to readers in the following countries:

Germany: Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by both the German regulator, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Strasse 108, 53117 Bonn, Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and the European Central Bank, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany.

United Kingdom: This document is not for distribution to retail customers and has been issued or approved for issue in the United Kingdom by Commerzbank AG, London Branch, which is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and the European Central Bank. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

United States: This research report was prepared by Commerzbank AG, a company authorized to engage in securities activities in Germany and the European Economic Area (EEA). Commerzbank AG is not a U.S. registered broker-dealer and is therefore not subject to U.S. rules regarding the preparation of research and associated rules pertaining to research analysts. This document is not for distribution to U.S. retail customers. Any distribution of this research report to U.S. investors is intended for “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6(a)(2) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report seeking to effect transactions to buy or sell securities, or related financial instruments based upon the information provided in this research report, may only do so through a Financial Industry Regulatory Authority (FINRA) registered broker-dealer. Commerz Markets LLC (CMLLC) is a U.S. registered broker-dealer and wholly owned subsidiary of Commerzbank AG. Commerzbank AG is a registered derivatives swap dealer with the Commodity Futures Trading Commission (CFTC), in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act. U.S. Person(s) and related Dodd-Frank relevant investors seeking to effect transactions in non-security based swaps based upon the information provided in this research report, may only do so through a CFTC registered swap dealer.

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerzbank AG and/or Commerz Markets LLC deals pursuant to the international dealer exemption. The information contained herein is not permitted to reference securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, as Commerzbank AG and Commerz Markets LLC operates under the international dealer exemption pursuant to National Instrument 31-103. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

European Economic Area: Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA. Commerzbank AG, London Branch is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and the European Central Bank. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Switzerland: This document is generally not for distribution to retail clients. Neither this research report nor the information contained herein should be regarded as personal recommendations for transactions in financial instruments within the meaning of the Financial Services Act.

Singapore: This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor, an accredited investor or an expert investor as respectively defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”) pursuant to section 274 or section 275 (as applicable) of the SFA. Nothing in this document constitutes accounting, legal, regulatory, tax, financial or other advice and/or recommendations to the recipient of this communication. Further, the communication/information provided herein does not constitute a “financial advisory service” within the meaning of the Financial Advisers Act, Chapter 110 of Singapore (“FAA”) and therefore, the regulatory requirements and duties that may be owed to a client pursuant to or in connection with the FAA are not applicable to the recipient in connection with this communication. Recipients are advised to seek independent advice from their own professional advisers about the information contained discussed herein.

Japan: This information and its distribution do not constitute and should not be construed as a "solicitation" under the Financial Instrument Exchange Act (FIEA) of Japan. This information may be distributed from Commerzbank international branches outside Japan solely to "professional investors" as defined in Article 2(31) of the FIEA and Article 23 of the Cabinet Ordinance Regarding Definition of Article 2 of the FIEA. Please note that Commerzbank AG, Tokyo Branch has not participated in its preparation. Not all financial or other instruments referred to in this document are available within Japan. Any instruments referred in this report cannot be introduced by the Branch. You should contact the Corporate Clients division of Commerzbank AG for inquiries on availability of such instruments.

Australia: Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313.

Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

People's Republic of China (PRC): This document is furnished by Commerzbank AG and is only intended for eligible entities in the PRC. No-one else may rely on any information contained within this document. The products and services in this document only apply to entities in the PRC where such products and services are permitted to be provided by PRC laws and regulations. For any person who receives this document, the information in this document shall neither be regarded as promotion or solicitation of the business nor accounting, legal, regulatory, tax, financial or other advice and/or recommendations to the recipient of this communication, and the recipient is advised to seek independent advice from its own professional advisers about the information contained herein and shall understand and abide by PRC laws and regulations while conducting any related transactions.

Frankfurt	London	New York	Singapore
Commerzbank AG	Commerzbank AG	Commerz Markets LLC	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715	225 Liberty Street, 32nd floor,	128 Beach Road
Mainzer Landstraße 153	30 Gresham Street	New York,	#17-01 Guoco Midtown
60327 Frankfurt	London, EC2P 2XY	NY 10281-1050	Singapore 189773
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000