

The Impact of U.S. Policy in The Middle East on The Oil and Gas Market In 2026

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Abstract

This article analyzes the impact of United States policy in the Middle East on the global oil and gas market in 2026. It examines the US–Iran confrontation, the situation in the Strait of Hormuz, economic sanctions, military tensions, and US oil and LNG exports. The article also considers the effects of regional instability on energy prices, tanker traffic, and global energy security.

Keywords: United States, Middle East, oil market, natural gas, LNG, Iran, Strait of Hormuz, energy security, geopolitical risk, sanctions.

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1. Introduction

The Middle East occupies a uniquely strategic position in global politics and the world economy. This is primarily due to the presence of major oil and natural gas producers in the region, including Saudi Arabia, Iran, Iraq, the United Arab Emirates, Kuwait, and Qatar. The energy resources produced by these countries are of critical importance to industry, transportation, and electricity generation across Asia, Europe, and other regions. The significance of the Middle East is determined not only by its vast oil and gas reserves, but also by the presence of key maritime transportation routes, including the Strait of Hormuz, the Suez Canal, and the Bab el-Mandeb Strait. Consequently, a political crisis, armed conflict, or disruption to maritime navigation in the region can affect the global energy market within a relatively short period of time.

For many years, the United States has regarded the Middle East as one of the most important areas of its foreign and national security policy. The principal U.S. interests in the region include ensuring Israel's security, maintaining military and economic cooperation with the Gulf states, containing Iran's political and military influence, combating terrorist organisations, and safeguarding freedom of navigation along international maritime routes. Reducing Iran's regional influence and preventing the resurgence of extremist groups remain among the key security priorities of the United States.

Megan O'Sullivan, Professor at Harvard University, observes that: "Energy has been and remains one of the principal driving forces of foreign policy and national security[1]." U.S. policy in the Middle East is not limited to security considerations. Ensuring uninterrupted energy supplies, preventing sharp increases in oil prices,

and keeping major transportation routes open are also of considerable economic importance to the United States and its allies. U.S. sanctions against Iran, military and political support for Israel, the American military presence in the Persian Gulf, and cooperation with Arab states affect the oil and gas market through a variety of channels. Sanctions can restrict the oil exports of individual countries, while military tensions increase the costs of tanker transportation and maritime insurance. As a result, market concerns intensify even before any actual reduction in supplies occurs, and an additional “geopolitical risk premium” becomes incorporated into oil and gas prices.

At the same time, the emergence of the United States itself as one of the world’s largest producers of oil and liquefied natural gas has added a new dimension to its Middle East policy. In the event of supply disruptions from the region, U.S. oil and LNG exports can serve as alternative sources of energy for European and Asian markets. U.S. policy therefore affects the energy market in two opposing ways. On the one hand, political pressure, sanctions, and military confrontation intensify market instability. On the other hand, U.S. oil and gas production, export capacity, and strategic reserves help to partially mitigate supply disruptions.

2. Methodology

U.S. policy in the Middle East is one of the factors exerting a significant influence on international relations and global energy security. The region represents a point of convergence for the interests of major oil and natural gas producers, states controlling strategic maritime routes, and the world’s leading political and military powers. Consequently, any political, economic, or military decision taken by Washington in the region affects not only Middle Eastern countries but also the global energy market, international trade, and the world economy.

For the United States, stability in the Middle East is primarily associated with keeping strategic maritime routes open, ensuring the uninterrupted flow of energy resources to the global market, and preventing the excessive strengthening of forces opposed to American interests. Washington also seeks to guarantee Israel’s security, preserve its alliances with the Gulf states, contain Iran’s regional influence, and safeguard freedom of international navigation. These interests shape the long-term course of U.S. foreign policy in the Middle East.

In his book *The New Map*, global energy expert Daniel Yergin argues that a new world order is being shaped by profound shifts in geopolitics and energy[2]. The events that unfolded in the Middle East in 2026 confirmed this assessment. U.S. pressure on Iran, military operations conducted jointly with Israel, maritime policies aimed at reopening the Strait of Hormuz, and the expansion of domestic oil production and liquefied natural gas output exerted both destabilising and stabilising effects on the global energy market.

On 6 February, U.S. President Donald Trump signed an executive order authorising the imposition of additional tariffs on countries that continued to maintain trade relations with Iran. The decision was intended to intensify financial pressure on the Iranian government, primarily by reducing revenues from oil exports[3]. As a result, legal and economic risks increased for companies purchasing Iranian oil, as well as for banks, tanker operators, and insurance providers involved in such transactions.

3. Results

Following the launch of U.S. and Israeli military operations against Iran on 28 February 2026, political pressure developed into a direct threat to energy supplies. The principal risk was associated not so much with Iran’s oil fields as with the functioning of the Strait of Hormuz, which connects the Persian Gulf with the open sea[4]. According to the International Energy Agency, an average of approximately 20 million barrels of oil and petroleum products passed through this route each day in 2025, accounting for around 25 per cent of global seaborne oil trade[5]. Nearly one-fifth of global liquefied natural gas trade was also transported through the Strait. Consequently, any restriction in this area affects not only Iranian exports but also supplies from Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, and Qatar.

The practical consequences of this risk became apparent during the first days of the military operations. On 4 March, Brent crude oil closed at USD 81.40 per barrel, having risen to USD 84.48 during trading. During the same period, Iraq was compelled to reduce production by approximately 1.5 million barrels per day because of restrictions affecting export routes and the saturation of its oil storage facilities[6]. The situation became so serious that, on 11 March, the 32 member states of the International Energy Agency agreed to release a combined total of 400 million barrels of oil from emergency reserves. This was the largest coordinated

stock release in the Agency's history. The measure temporarily moderated the rise in prices but was unable to fully offset the loss of supply.

On 23 March, amid reports of U.S.–Iranian negotiations, Brent futures fell by 10.9 per cent in a single day and closed at USD 99.94 per barrel; prior to this decline, prices had reached their highest levels since 2022. At that time, analysts estimated that production losses in the Middle East amounted to between 7 and 10 million barrels per day[7]. The almost 11 per cent one-day decline demonstrated the extent to which the market depended on diplomatic signals: even the prospect of negotiations caused prices to change sharply before tanker flows had actually been restored.

The crisis also had a significant impact on the natural gas market. Since a substantial share of Qatar's LNG exports passes through the Strait of Hormuz, restrictions along this route compelled European and Asian buyers to turn to the United States and other alternative suppliers. In March 2026, U.S. LNG exports reached 17.9 billion cubic feet per day, while the annual average was projected at approximately 17.4 billion cubic feet per day[8]. This situation illustrates the dual effect of U.S. policy: military tensions in the region increased risks to gas supplies, while U.S. LNG exports partially mitigated the shortage. However, the near-full utilisation of U.S. export terminals meant that they could not rapidly compensate for a major reduction in supplies from Qatar.

On 13 April, International Energy Agency Executive Director Fatih Birol stated that market prices did not fully reflect the actual scale of the crisis. According to his assessment, daily losses in global oil production had reached 13 million barrels, more than twice the level of disruption experienced during the oil crises of 1973 and 1979[9]. This demonstrates that an energy crisis cannot be assessed solely on the basis of price levels. Strategic reserves and subsidies may temporarily restrain price increases, but the actual supply deficit still manifests itself in transportation, aviation, electricity generation, and food logistics.

Jason Bordoff, Professor at Columbia University and founding director of the Center on Global Energy Policy, described the situation in 2026 as “the largest disruption to oil supplies the world has ever witnessed”[10]. According to his assessment, between 13 and 15 million barrels of oil per day were, at one point, removed from the market, while the available policy measures could not rapidly compensate for a deficit of such magnitude.

Bordoff's analysis shows that the formal reopening of the Strait of Hormuz is insufficient: the full resumption of tanker traffic is possible only after security, insurance coverage, and the logistics system have been restored. Market stabilisation therefore requires time even after military tensions have subsided.

In April and May, the crisis in the Middle East also affected global economic forecasts. The World Bank expected energy prices to rise by 24 per cent in 2026, while commodity prices as a whole were projected to increase by 16 per cent. The annual average price of Brent crude could reach USD 94 per barrel. For oil-importing countries, such an increase implies higher transportation, food, and production costs, as well as stronger inflationary pressures. Exporting countries may receive additional revenue from higher prices; however, this advantage is substantially reduced when transportation routes are closed.

In May, the volume of suspended production capacity in the Middle East reached 11.2 million barrels per day. Following a partial recovery in flows, this figure declined to 8.3 million barrels per day in June. Despite the emerging recovery in global supply, production remained 9.4 million barrels per day below its pre-war level. These figures demonstrate that political agreements and the formal reopening of the Strait cannot stabilise the market immediately.

The United States' substantial production capacity in both the oil and LNG sectors became one of the country's principal advantages during the crisis. In 2026, U.S. crude oil production was expected to reach 13.8 million barrels per day, while LNG exports were projected at approximately 17.4 billion cubic feet per day. Nevertheless, high domestic production did not provide complete protection against fluctuations in global prices. The disruption of supplies through the Strait of Hormuz increased the revenues of U.S. producers but simultaneously raised domestic fuel costs.

By July, the market was being influenced by two opposing factors. Shipping through the Strait of Hormuz was gradually recovering, but renewed military risks continued to keep prices elevated. According to a Reuters survey, analysts expected the oil market to experience an average deficit of 1.5 million barrels per day in 2026, whereas, prior to the outbreak of the conflict, a supply surplus of 1.63 million barrels per day had been forecast. Such a sharp revision demonstrated the oil market's high degree of dependence on political developments.

According to ING analysts, a sustained decline in prices would be possible only after tanker traffic through the Strait of Hormuz had been fully restored not merely in political terms, but also in practical operational terms.

4. Analysis

This situation demonstrated that, despite the considerable influence of the United States in the Middle East, Washington's capabilities are not unlimited. The United States can shape regional developments through military force, economic sanctions, diplomatic pressure, and energy exports. Nevertheless, the stabilisation of the oil and gas market depends not only on U.S. decisions, but also on Iran's response, Israel's military policy, the position of the Gulf states, and the risk assessments made by tanker operators and insurance companies. Consequently, there is generally a time lag between the announcement of a political agreement and the actual restoration of energy flows.

Vitaly Naumkin, a member of the Russian Academy of Sciences and Academic Director of the Institute of Oriental Studies, characterises the long-term U.S. presence in the region as follows: "The United States has not left the Middle East; it remains wherever oil and gas are present[11]." This observation demonstrates that Washington's interest in the region is not limited to the direct purchase of Middle Eastern oil. Stable energy prices, the openness of strategic maritime routes, and the security of allied states are also important to the United States. Therefore, even the growth of domestic oil and gas production has not resulted in a complete reduction of the U.S. political and military presence in the Middle East.

In 2026, U.S. policy combined military pressure with diplomatic negotiations. Military strikes were regarded as a means of limiting Iran's capabilities and compelling it to enter negotiations. At the same time, however, this approach intensified Tehran's retaliatory actions, restrictions in the Strait of Hormuz, and threats against U.S. allies in the region. As a result, Washington increased political pressure in the short term while simultaneously raising the risks to the energy routes whose security it sought to guarantee. This constitutes one of the central contradictions of U.S. policy: the United States seeks to weaken Iran's influence, yet severe military pressure increases the likelihood that Tehran will respond through maritime routes and Iran-aligned regional forces.

In late July, the temporary suspension of U.S. strikes against Iran led to a sharp decline in oil prices. On 26 July, the price of Brent crude fell by more than 8 per cent. At the same time, fewer than ten vessels passed through the Strait of Hormuz during that weekend. This fact clearly illustrated the difference between market prices and actual supplies: reports of diplomatic de-escalation rapidly reduce the geopolitical risk premium, but the restoration of tanker traffic and oil flows requires credible security guarantees, acceptable insurance conditions, and the stable operation of ports.

U.S. influence in the region is also reflected in its capacity to oversee and safeguard maritime routes. However, the events of 2026 demonstrated that energy security cannot be reduced solely to the situation in the Strait of Hormuz. Attacks in the Red Sea and the Bab el-Mandeb Strait created threats to alternative export routes used by Saudi Arabia and other states. In particular, increased threats from the Houthis against Saudi infrastructure and maritime traffic extended the problem from the Persian Gulf to the entire regional transportation system. Consequently, even a partial restoration of traffic along one route does not eliminate the possibility that prices will remain high because of threats along another strategic corridor.

This situation also affected the political calculations of the Gulf states. Saudi Arabia, the United Arab Emirates, Qatar, and Oman rely on U.S. security guarantees but have no interest in the outbreak of a full-scale war with Iran. The principal economic damage caused by military confrontation is borne by the region's oil and gas producers, ports, and export routes. The regional mechanism for the use of the Strait of Hormuz proposed by Oman demonstrated the desire of Arab states to address the problem not only through coercive means, but also through negotiations and mutually agreed arrangements.

From this perspective, U.S. predominance in the Middle East is no longer determined solely by the number of American military bases. Washington's influence depends on its ability to safeguard maritime routes, manage disagreements among its allies, negotiate with Iran, and mitigate disruptions to global energy supplies. If the United States relies exclusively on military force and sanctions, it may secure a short-term political advantage, but regional resistance and energy-related risks will persist over the long term. A more sustainable outcome may be achieved through diplomatic instruments, sanctions linked to clearly defined

conditions, and security mechanisms involving the Gulf states.

The status of the United States as one of the world's largest producers of oil and LNG expands its capabilities, but it does not fully protect the country from the consequences of a Middle Eastern crisis. A significant proportion of the oil transported through the Strait of Hormuz is destined for Asian markets, while LNG exports from Qatar and the United Arab Emirates are highly dependent on this route. Rapidly redirecting such large volumes through alternative routes is virtually impossible. Consequently, disruptions in the Middle East raise energy costs in Asian countries, intensify competition for LNG in Europe, and increase demand for U.S. natural gas.

American companies may derive economic benefits from high oil and gas prices. However, rising prices also increase the cost of petrol, transportation, and electricity within the United States. Furthermore, higher energy prices intensify global inflation and slow economic growth among major U.S. trading partners. The World Bank projected that, under the impact of the Middle Eastern conflict, global economic growth would slow to 2.5 per cent in 2026, while the average price of Brent crude would amount to approximately USD 94 per barrel. Therefore, even additional revenues from energy exports would not compensate the United States for the long-term losses associated with a weakening global economy.

According to Fawaz Gerges, an Arab scholar and Professor at the London School of Economics and Political Science, "the rulers of the Gulf states increasingly recognise that neither the United States nor Israel is capable of guaranteeing security and stability[12]." This assessment does not imply the disappearance of U.S. influence in the Middle East. On the contrary, the Gulf states continue to cooperate with the United States, but they increasingly seek to avoid making their security entirely dependent on a single external power. They therefore devote greater attention to dialogue with Iran, the diversification of defence partnerships, and the development of autonomous regional security mechanisms.

Overall, the events of 2026 demonstrated that U.S. policy in the Middle East affected the oil and gas market in three principal ways. Military and sanctions pressure intensified geopolitical risks. U.S. maritime and diplomatic capabilities became instruments for

managing the crisis. Meanwhile, exports of American oil and LNG partially mitigated supply losses. At the same time, Washington was unable to exercise unilateral control over all regional developments. Market stability depended on reaching a political agreement with Iran, reducing tensions between Israel and Iran, restoring navigation through the Strait of Hormuz and the Bab el-Mandeb Strait, and promoting cooperation among the Gulf states on the basis of shared interests.

The effectiveness of U.S. policy should therefore be evaluated not by the number of military strikes conducted or the scale of sanctions imposed, but by the security of maritime routes, reductions in tanker transportation and insurance costs, the restoration of energy flows, and the decreased risk of a broader regional conflict. Long-term stability depends to a greater extent on diplomatic dialogue, multilateral maritime security, the diversification of energy routes, and the coordinated use of strategic reserves than on military pressure alone.

5. Conclusion

U.S. policy in the Middle East had a significant impact on the global oil and gas market in 2026. Pressure on Iran, military operations, and threats to maritime routes disrupted the stability of energy supplies. As a result, oil and gas prices increased, tanker traffic slowed, and insurance costs rose.

The situation in the Strait of Hormuz demonstrated how rapidly a regional crisis could acquire global dimensions. The decline in shipments through the Strait harmed not only Iran but also other major energy producers. This confirmed that energy security depends not only on production volumes, but also on the continued accessibility and safe operation of transportation routes.

U.S. production capacity in the oil and LNG sectors partially alleviated the market deficit. However, it was insufficient to fully compensate for disruptions in the Middle East. The United States therefore retained its position as a leading power in the region, but remained unable to exercise unilateral control over all regional developments.

Achieving sustainable stability requires greater emphasis on diplomatic dialogue rather than reliance on military pressure alone. It is essential to ensure the security of maritime routes, facilitate agreements among regional states, and diversify sources of energy supply. Such an approach would help reduce sharp fluctuations in the global oil and gas market.

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