

Iran-US War and ASEAN Economic Stability amid Energy Interdependence and the Limits of ASEAN Centrality

Virza Utama Alamsyah*, Universitas Taruna Bakti, Indonesia

Zaenal Muttaqien, Universitas Jenderal Achmad Yani, Indonesia

*Corresponding author. Email: virzalamsyah.edu@gmail.com

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ABSTRAK

Perang Iran–Amerika Serikat 2026 dan gangguan pelayaran di Selat Hormuz menunjukkan bahwa kerentanan ekonomi ASEAN tidak hanya ditentukan oleh harga energi, tetapi juga oleh perubahan simultan pada pasokan fisik, asuransi maritim, pembiayaan perdagangan, dan aturan sanksi, sementara kapasitas penyesuaian tiap negara berbeda-beda. Artikel ini menggunakan interdependensi kompleks Keohane dan Nye untuk memahami sensitivitas dan kerentanan sebagai biaya guncangan dan penyesuaian, serta weaponized interdependence dari Farrell dan Newman untuk menjelaskan pengaruh jaringan keuangan dan kepatuhan yang berada di luar kendali ASEAN. Melalui proses tracing kualitatif, analisis dokumen, dan perbandingan antarnegara, penelitian menelusuri rantai gangguan Hormuz hingga tekanan logistik, respons fiskal, keputusan komersial, serta koordinasi regional. Hasilnya: ASEAN mampu meredam sebagian tekanan awal, namun biaya penyesuaian tetap tinggi akibat ketergantungan pada minyak Timur Tengah, keterbatasan substitusi, kesenjangan cadangan dan fiskal, ketidakpastian sanksi, serta aturan darurat regional yang masih bersifat sukarela. ASEAN Centrality berguna untuk koordinasi, tetapi belum memiliki kapasitas material yang setara untuk membagi risiko dan pasokan.

Kata kunci: ASEAN; Selat Hormuz; Perang Iran dan Amerika Serikat; Interdependensi Kompleks; Keamanan Energi

ABSTRACT

The 2026 Iran–United States War and disruptions to shipping in the Strait of Hormuz show that ASEAN’s economic vulnerability depends not only on energy prices but also on simultaneous shifts in physical supply, marine insurance, trade finance, and sanctions regulations, while each country’s capacity to adjust varies. This article employs Keohane and Nye’s concept of complex interdependence to understand sensitivity and vulnerability in terms of shock costs and adjustment costs, as well as Farrell and Newman’s concept of weaponized interdependence to explain the influence of financial networks and compliance mechanisms beyond ASEAN’s control. Through qualitative process tracing, document analysis, and cross-country comparisons, the study traces the chain from the Hormuz disruption to logistical pressures, fiscal responses, commercial decisions, and regional coordination. The results show that while ASEAN mitigated some initial pressures, adjustment costs remained high because of dependence on Middle Eastern oil, limited substitution options, reserve and fiscal gaps, uncertainty over sanctions, and regional emergency regulations that remain voluntary. ASEAN Centrality helps with coordination, but the bloc lacks the material capacity to share risks and supply equitably.

Keywords: ASEAN; Strait of Hormuz; Iran-US War; Complex Interdependence; Energy Security



INTRODUCTION

The Middle East conflict reached Southeast Asia through economic connections long before it reached the region geographically. Military escalation began on 28 February 2026 with attacks by Israel and the United States against Iran, followed by Iranian retaliation across the region (ASEAN Centre for Energy, 2026b). For ASEAN economies, the immediate concern was the concentration of energy flows through Hormuz and the commercial infrastructure supporting them. Crude oil and gas cargoes depended not only on a navigable strait, but also on vessels, insurance, commodity traders, refinery schedules, trade finance, dollar settlement, and sanctions compliance. As traffic through Hormuz became severely impaired, the conflict exposed how closely Southeast Asian production and consumption were tied to systems over which ASEAN governments had limited direct control.

The scale of that dependence was already visible in the regional energy balance. The International Energy Agency estimates that around 60 percent of Southeast Asia's crude oil imports came from the Middle East before the crisis and that 45 percent of regional oil product supply depended on Middle Eastern crude once refinery feedstocks and related trade were considered (International Energy Agency, 2026a). The ASEAN Centre for Energy reports that 55 percent of ASEAN crude imports and 17 percent of natural gas supply originated in the Middle East. In comparison, 28 percent of final oil consumption was directly exposed to the disruption (ASEAN Centre for Energy, 2026a). UNCTAD notes that Hormuz normally carries about one quarter of global seaborne oil trade together with significant LNG and fertilizer flows (United Nations Conference on Trade and Development, 2026c). The physical disturbance soon became visible in vessel movements. By 9 July, Reuters reported only two tanker transits in the early hours, compared with roughly 125 to 140 daily sailings before the conflict, while some war risk underwriters advised clients to pause voyages (Reuters, 2026).

This matters for ASEAN because the region's growth model combines rising energy demand with manufacturing, transport, agriculture, and trade systems that depend on reliable fuel and predictable maritime logistics. The IEA expects Southeast Asia to account for nearly one-fifth of global energy demand growth to 2035 under current policy settings (International Energy Agency, 2026a). Growth therefore increases both the economic value of energy connectivity and the cost of disruption. Hormuz provides an unusually revealing case because a physical bottleneck, private risk assessment, national fiscal policy, and regional diplomacy became intertwined within a short period. The political economy question is consequently not confined to the size of a price increase. It concerns the distribution of adjustment capacity

across governments and firms, including who can substitute, delay, finance, or absorb a shock and who must accept the costs imposed by networks governed elsewhere.

This article argues that the Hormuz crisis shifted ASEAN from high sensitivity to a more consequential vulnerability. Governments could use subsidies, tax changes, demand management, inventories, and alternative procurement to moderate immediate pressure. These measures bought time, but they did not quickly change refinery requirements, concentrated crude supply, dependence on global shipping and finance, or the voluntary character of regional petroleum security arrangements. The crisis therefore revealed a distinction between managing the first impact of disruption and changing the structures that make adjustment expensive.

The research problem follows from this mismatch. ASEAN is deeply integrated into energy and commercial networks whose key routes, legal rules, and financial nodes are largely governed outside the region. Yet, its collective instruments remain strongest in consultation and coordination. When those networks fail or tighten, the central issue is whether regional cooperation can lower the remaining adjustment costs rather than merely organize a common response.

The analysis is organized around three related questions. It asks how disruption at Hormuz travelled into macroeconomic and industrial pressure across ASEAN, how United States sanctions changed the commercial options available to firms and governments dealing with Iran and the wider Middle East, and whether ASEAN Centrality and existing energy arrangements reduced vulnerability in material terms or primarily helped member states manage immediate sensitivity.

This research aims to answer those questions as parts of a single process rather than as separate policy problems. It reconstructs the transmission of the shock, traces the legal and commercial constraints that shaped adjustment, and then examines whether regional institutions changed the costs that remained after national responses.

The contribution lies in connecting bodies of work that are often kept apart. The sensitivity-and-vulnerability distinction is applied to a crisis in which physical chokepoint disruption interacted with sanctions, maritime risk, and private compliance decisions. The empirical analysis brings energy supply, shipping, industrial inputs, fiscal policy, and regional institutions into the same causal account. For ASEAN policy, the focus shifts from whether coordination exists to the practical capacity to substitute supply, hold and release inventories, finance emergency measures, and manage sanctions risk across borders.

Studies of oil shocks in Southeast Asia provide the first piece of the argument by showing that the same price movement produces different national effects. Taufani et al.

(2022), using a Vector Error Correction Model for Brunei Darussalam, Malaysia, Indonesia, and Thailand, find that oil price increases tend to support activity in Brunei and Malaysia while hampering Indonesia and Thailand. Gozgor et al. (2017), using a panel of ten ASEAN economies, also find a statistically significant long-term relationship between crude oil prices and real GDP per capita, with substantial variation across countries. The implication is straightforward. ASEAN cannot be treated as a single representative energy economy. Yet the 2026 crisis also shows the limits of a price-centered account, because shipping disruption and policy uncertainty altered economic conditions before a stable price response could tell the whole story. Dai et al. (2022) strengthen this point more narrowly by showing that global economic policy uncertainty contains predictive information for crude oil futures volatility. We use their result here as evidence of an expectations channel, not as a substitute for direct evidence of geopolitical risk.

Research on external shocks adds the macrofinancial side of the adjustment problem. Deléchat et al. (2024) examine Indonesia, Malaysia, the Philippines, and Thailand through the IMF's Integrated Policy Framework and show how real shocks can interact with capital flows, exchange rates, inflation, and foreign exchange market conditions. That perspective helps explain why an energy import shock can require several policy instruments at once. It says less, however, about whether governments can actually obtain compatible fuel, secure shipping and insurance, or draw on regional emergency arrangements. Those constraints matter because macroeconomic stabilization cannot substitute for a cargo that cannot be financed, insured, or processed.

Sanctions scholarship introduces a different source of constraint. Popova and Rasoulinezhad (2016) show that sanctions were associated with a reorientation of Iranian trade away from Europe and toward Asian partners during 2006 to 2013. The historical shift makes Asia a plausible destination for redirected trade, but it does not mean that every Asian buyer can transact on equal terms when sanctions return. Drezner (2015) locates targeted financial sanctions within the architecture of global finance, where access to financial systems can itself become an instrument of coercion. Farrell and Newman (2019) sharpen that logic by showing how privileged positions in asymmetric networks allow states to exploit central nodes for surveillance or denial. For the present study, this argument applies to sanctions-related access to dollar clearing, correspondent banking, and compliance systems. It does not turn Hormuz's physical geography into a financial network hub.

The literature on ASEAN Centrality and energy security shows why the regional response must be judged on more than diplomatic visibility. Caballero-Anthony (2014) links

centrality to ASEAN's structural position within dense regional networks while recognizing the limits imposed by institutional capacity. Yoshimatsu (2023) places greater emphasis on the shared meanings and social relations through which centrality is reproduced. Energy research adds the material asymmetries that these institutional accounts must confront. Kanchana and Unesaki (2014), Kanchana et al. (2016), and Tongsopit et al. (2016) all show substantial variation in energy security, dependence, affordability, and resilience among Southeast Asian economies. Ahmed et al. (2017), Aleluia et al. (2022), Do (2024), and Zhong et al. (2025) demonstrate the longer-term value of regional power integration and coordinated transition policy. Those gains are real, but an electricity grid does not immediately replace diesel, aviation fuel, LPG, petrochemical feedstocks, or the crude grades existing refineries require.

Read together, these literatures explain parts of the same crisis without fully joining them. Oil shock research captures heterogeneous economic exposure, macrofinancial work explains policy tradeoffs, sanctions research identifies network-based coercion, and ASEAN scholarship clarifies the institutional foundations of centrality. What is missing is an account of how these mechanisms interact during one external shock and how their interaction changes the cost of adjustment across differently positioned ASEAN economies. The article addresses that gap by following the crisis from maritime disruption through legal and commercial filtering to national response and regional coordination. Sensitivity and vulnerability connect those stages, while weaponized interdependence refers to the network power exercised through sanctions and financial access.

ANALYSIS FRAMEWORK

Interdependence, Adjustment, and Network Power

Keohane and Nye's concept of complex interdependence provides the broadest frame because it highlights reciprocal dependence without assuming symmetry (Keohane & Nye, 1977). ASEAN and Middle Eastern producers are connected through energy demand, trade, investment, and shipping. Mutual dependence does not mean that the cost of interruption is shared evenly. During the 2026 crisis, ASEAN economies relied on a supply corridor they could not secure on their own or replace instantly. Bargaining power therefore depended less on interdependence than on the relative cost of disruption and the ability to find workable alternatives.

Sensitivity and vulnerability make that asymmetry observable. Sensitivity captures costly effects transmitted through existing arrangements before meaningful adaptation changes exposure. Falling tanker activity, deteriorating supply conditions, rising logistics risk,

industrial input pressure, and emergency fiscal measures belong to this part of the story. Vulnerability becomes clearer after governments and firms have tried to respond. If inventories are thin, replacement cargoes are technically unsuitable, fiscal cushioning becomes hard to sustain, or legal and institutional constraints continue to narrow available choices, the cost moves beyond immediate exposure and into the terms of adjustment itself (Keohane & Nye, 1977).

Farrell and Newman's weaponized interdependence explains one component of that adjustment problem, not the crisis as a whole (Farrell & Newman, 2019). Their argument concerns asymmetric networks in which control over central nodes can create leverage over actors that depend on them. Hormuz is a physical bottleneck, not a financial network node in this theoretical sense. The concept is therefore used here for the sanctions and financial channel, particularly United States sanctions jurisdiction, dollar clearing, correspondent banking, and compliance systems. Banks, insurers, shipowners, and commodity traders matter because their risk decisions can translate changes in law and geopolitics into practical limits on trade. Physical disruption and network coercion remain analytically distinct even when they reinforce each other in the same crisis.

Other approaches remain useful but answer narrower questions. Indicator-based energy security research is well suited to comparing diversity, affordability, access, and reserve capacity across countries (Kanchana & Unesaki, 2014), as well as Tongsopit et al. (2016). The Integrated Policy Framework is stronger on monetary, exchange rate, and financial choices under external shocks (Deléchat et al., 2024). Neither was designed to follow a physical supply disruption as it becomes entangled with sanctions, private compliance, and regional allocation rules. Complex interdependence serves as the main framework, weaponized interdependence explains the sanctions channel, and ASEAN Centrality scholarship helps assess what regional institutions can do once national adjustment begins.

From Disruption to Adjustment Costs

The causal logic unfolds in sequence. Conflict first impairs the physical movement of energy through Hormuz. That disturbance changes expectations about availability and prompts shipowners, insurers, traders, and fuel markets to reassess risk. At the same time, sanctions can change whether an alternative transaction is legally and financially workable. These pressures initially show up as sensitivity in supply, logistics, industrial inputs, and macroeconomic expectations. Governments respond with inventories, subsidies, tax measures, demand management, and alternative sourcing. The analysis then asks what remains costly after those

responses. Persistent fiscal strain, technical incompatibility, restricted commercial access, or inadequate emergency arrangements indicate vulnerability. ASEAN Centrality enters the explanation here because its relevance depends on whether regional institutions lower those remaining costs, not simply on whether ministers meet or information circulates.

How the Framework Organizes the Evidence

The framework guides the evidence without turning the article into an exercise in labeling every observation. Price movements and shipping disruptions are treated as signs of sensitivity when they occur within existing arrangements, drawing on tanker and transit disruption data, oil and LNG supply signals, and freight and insurance conditions reported by the IEA, ACE, UNCTAD, Reuters, and ASEAN statements; evidence is read as sensitivity when disruption raises costs before structural adaptation changes exposure. Policy announcements count as adjustment only when they identify a concrete attempt to absorb or redirect the shock.

Commercial filtering is identified only where legal change and market behavior plausibly narrow the set of transactions that firms can use. This is traced through OFAC licensing changes, sanctions guidance, and documented constraints on financing, insurance, shipping, and compliance, drawing on OFAC records, Reuters reporting, and public maritime and official documentation; filtering is inferred when legal permission and practical feasibility diverge because key services or network access become constrained.

Vulnerability is inferred from the constraints that remain after such efforts, assessed through inventory adequacy where documented, alternative sourcing, substitution limits, APSA status, and regional and national measures, drawing on ACE, APSA, ASEAN ministerial statements, IEA data, and country-level evidence. Vulnerability is higher when adjustment remains materially costly or slow, while regional capacity is stronger when collective action demonstrably lowers those costs.

The unit used for comparison is a dated event observation. Each event is placed within the sequence from disruption to response and then checked against other source types where possible. The comparison does not produce a numerical vulnerability score because the underlying data are qualitative and uneven across countries. Instead, it asks whether hydrocarbon exporters, import-dependent economies, and mixed industrial economies face different residual constraints after encountering the same regional shock. This approach keeps the comparison transparent while avoiding a level of precision the available evidence cannot.

RESEARCH METHODS

The study combines qualitative process tracing, structured document analysis, and comparison across differently positioned ASEAN economies. Process tracing suits the argument because the outcome develops through a chain of linked events rather than through a single treatment whose average effect can be estimated independently (Beach & Pedersen, 2019). The broader qualitative design follows case study principles that make source selection and interpretation explicit (Creswell & Poth, 2018). The unit of analysis is a dated event connecting a geopolitical or legal development to a market response, policy adjustment, or institutional outcome, such as a change in tanker movements, an OFAC licensing decision, an ASEAN ministerial statement, or a documented emergency provision.

The observation window runs from the pre-crisis baseline through the first five months of disruption. Conditions up to 27 February 2026 establish the pattern of energy dependence and normal maritime traffic. The military escalation on 28 February marks the shock, after which the analysis follows shipping, supply, prices, industrial inputs, insurance, and sanctions through July. It then examines national fiscal and demand measures, alternative sourcing, inventory responses, and ASEAN coordination as attempts to adjust. The first phase closes on 31 July 2026 so that later developments are not read backward into evidence that governments and firms did not yet possess.

Seven ASEAN economies are compared because they occupy visibly different positions in the regional energy and commercial system. Brunei Darussalam and Malaysia provide the perspective of hydrocarbon exporters or partial price beneficiaries. Singapore, the Philippines, and Thailand face strong import or network exposure, though for different reasons. Indonesia and Viet Nam combine domestic resources with great industrial demand and continued reliance on imported fuels or inputs. The purpose is not to rank these countries or assume group members are identical. Holding the external crisis broadly constant lets the analysis show how endowment, import dependence, industrial structure, fiscal capacity, and position in shipping and financial networks shape adjustment costs.

The empirical record covers February through July 2026 and prioritizes attributable, dated sources that document a specific link in the argument. The principal sources are the IEA's Southeast Asia Energy Outlook, ASEAN Centre for Energy assessments and institutional documents, ASEAN ministerial statements reproduced by ACE, UNCTAD reports on Hormuz disruption, OFAC actions on Iran sanctions, and Reuters reporting on tanker movements. IMF research supplies macrofinancial context, while peer-reviewed scholarship provides theory and historical comparison. Claims enter the analysis only when the source identifies a concrete

exposure, event, response, or institutional rule. Numerical claims were retained only when they could be independently verified in the public record.

Analysis began with chronology and then moved to interpretation. Observations were read for evidence of immediate transmission, policy adjustment, residual vulnerability, commercial filtering, or regional institutional response. Important claims were checked across different source types whenever the public record permitted triangulation. The country comparison then examined whether the remaining costs varied with energy endowment, import dependence, network position, and institutional capacity. Rival explanations were kept in view. Where a generic oil price movement was sufficient to explain an outcome, the article does not attribute that outcome to sanctions or ASEAN institutions. The authors use additional political economy mechanisms only when timing or documentary evidence points to legal change, maritime risk repricing, private gatekeeping, or institutional constraint.

The evidence also sets clear limits on the claims. The article covers only the first phase of an ongoing 2026 crisis, ruling out conclusions about full-year macroeconomic performance. Decisions by banks, insurers, traders, and refiners are only partly public, so we cannot comprehensively measure private overcompliance and rejected trade finance. Comparable information on inventories, refinery flexibility, and commercial contracts varies across ASEAN economies, and the seven-country grouping inevitably suppresses some national variation. We address these limits by separating documented events from inference, using cautious causal language, and declining numerical precision where public evidence does not justify it.

RESULTS AND DISCUSSION

Empirical Patterns

Maritime Disruption and the Spread of Economic Pressure

The clearest feature of the first phase was how quickly a concentrated supply structure became a broader economic problem. Before the crisis, about 60 percent of Southeast Asia's crude imports came from the Middle East, and 45 percent of oil product supply depended on Middle Eastern crude (International Energy Agency, 2026a). When Hormuz traffic deteriorated, the IEA described a virtual shutdown of energy shipments and reported shortages of petrochemical feedstocks, chemical products, and LPG. It projected Southeast Asia's 2026 energy import bill at about USD 160 billion (International Energy Agency, 2026b). ACE reached a similar conclusion from an ASEAN supply map, placing Middle Eastern crude at 55 percent of ASEAN crude imports, Middle Eastern natural gas at 17 percent of supply, and the

directly exposed share of final oil consumption at 28 percent (ASEAN Centre for Energy, 2026a). The exposure was therefore embedded in the regional supply structure before governments intervened.

Shipping conditions show how that structural dependence became an immediate commercial constraint. UNCTAD reports that Hormuz carries about one quarter of global seaborne oil trade together with substantial LNG and fertilizer volumes. It later estimated that ship transits had fallen by about 95 percent. At the same time, energy prices, tanker freight, marine fuel costs, and war risk insurance premiums increased (United Nations Conference on Trade and Development, 2026a, 2026c). Reuters observed only two tanker transits in the early hours of 9 July compared with roughly 125 to 140 daily sailings before the conflict. They reported that some war risk underwriters were advising clients to pause voyages (Reuters, 2026). The strait did not need to be formally closed to become economically restrictive. Fewer willing vessels, uncertain coverage, and unreliable schedules were enough to weaken the practical availability of supply.

The consequences soon appeared outside the fuel market itself. The IEA reported shortages in petrochemical feedstocks, chemicals, and household LPG (International Energy Agency, 2026b). UNCTAD linked the disruption to higher transport and fertilizer costs and warned that energy shocks could spill into food prices, public finances, currencies, and external financing conditions in developing economies (United Nations Conference on Trade and Development, 2026b, 2026c). ACE's April assessment shows that ASEAN governments initially relied on fiscal measures and demand management, while diversification and supply reconfiguration took longer (ASEAN Centre for Energy, 2026a). The transmission path therefore ran from maritime disruption into logistics and industrial inputs before reaching households and macroeconomic policy. Treating the episode as a simple oil price shock would miss that chain.

Sanctions and the Narrowing of Commercial Options

A second constraint came from the legal environment surrounding Iranian supply. On 22 June 2026, the United States Office of Foreign Assets Control announced General License X, authorizing specified production, delivery, and sale of Iranian-origin crude oil, petroleum products, and petrochemicals through 21 August (Office of Foreign Assets Control, 2026b). On 7 July, OFAC revoked that authorization and replaced it with General License X1, which set a wind-down period ending on 17 July (Office of Foreign Assets Control, 2026a). Within weeks, firms considering Iranian supply faced a materially different compliance environment.

For an ASEAN buyer, physical availability and price could no longer be assessed separately from the durability of legal permission and access to the financial and maritime services needed to complete a transaction.

The public evidence warrants a careful conclusion about commercial filtering. Reuters documented renewed attacks on commercial vessels and insurer advice to pause some Hormuz voyages (Reuters, 2026), while OFAC changed the licensing framework within weeks (Office of Foreign Assets Control, 2026a, 2026b). These sources do not show that every ASEAN bank rejected Iran-related letters of credit, and they do not establish that Iranian crude deliveries to ASEAN were literally zero during the licensing window. Those stronger propositions are therefore not treated as empirical claims. The record does show a widening gap between what may be formally authorized and what firms consider usable in practice when legal rules, insurance conditions, and risk assessments are unstable.

ASEAN Coordination and the Material Limits of Centrality

ASEAN was not institutionally absent from the crisis. Foreign ministers issued a common statement on 4 March, economic ministers addressed the regional consequences on 13 March, and energy ministers convened a special meeting on 27 April (ASEAN Centre for Energy, 2026b, 2026d, 2026e). The energy ministers identified the ASEAN Petroleum Security Agreement as the principal regional petroleum security framework and emphasized monitoring, information exchange, diversification, and demand measures. They also described the framework as voluntary and called for completion of national ratification processes (ASEAN Centre for Energy, 2026e). The regional response was therefore active, but its most visible instruments during the first phase were coordination and preparedness rather than binding allocation of physical fuel.

That distinction becomes clearer when immediate crisis management is set beside ASEAN's longer-term energy agenda. APAEC 2026 to 2030 sets collective ambitions for renewable energy, lower energy intensity, regional connectivity, and energy security (ASEAN Centre for Energy, 2025). The April energy ministers also highlighted the ASEAN Power Grid, the Trans ASEAN Gas Pipeline, biofuels, electrification, and efficiency as part of a broader resilience strategy (ASEAN Centre for Energy, 2026e). Research on regional power integration supports the longer horizon. Ahmed et al. (2017) identify both the potential and technical barriers of the ASEAN Power Grid, while Zhong et al. (2025) estimate that greater cross-border transmission can reduce cumulative power system costs under long-term decarbonization scenarios. These measures strengthen resilience over time, but they cannot immediately replace

aviation fuel, diesel, LPG, bunker fuel, naphtha, or the crude grades required by existing refineries. The first phase of the crisis therefore exposed a gap between ASEAN's capacity to coordinate adjustment and its capacity to substitute materials at short notice.

Interpreting the Crisis

Sensitivity, Vulnerability, and Uneven Adjustment

The empirical sequence supports Keohane and Nye's distinction. The collapse in reliable tanker activity and the region's dependence on Middle Eastern crude transmitted costs through existing relationships before structural adaptation was possible. Those effects are best understood as sensitivity. Governments then tried to alter the impact through fiscal support, demand reduction, inventory use, and procurement changes. Vulnerability appears in what these measures could not readily solve. Subsidies protect purchasing power but transfer part of the shock to the public budget. Demand restraint stretches supply but does not change refinery technology. Alternative sourcing can reduce concentration only after securing suitable grades, contracts, vessels, insurance, and finance. The IEA's assessment that emergency responses can add fiscal pressure without eliminating the underlying import exposure captures this movement from immediate impact to costly adjustment (International Energy Agency, 2026a).

The adjustment problem also differs across ASEAN economies. Taufani et al. (2022) show that oil price shocks affect Brunei Darussalam, Malaysia, Indonesia, and Thailand differently, while Kanchana et al. (2016) demonstrate that Southeast Asian energy relations combine external supply dependence, external demand dependence, and broader economic interdependence in varying proportions. ACE's 2026 country impact matrix records similarly uneven exposure and policy responses (ASEAN Centre for Energy, 2026a). These differences have political consequences because they alter the value that governments place on fiscal protection, emergency supply, market access, and collective arrangements. A regional shock can therefore be shared without producing a common preference for how to distribute its costs.

Network Power and Commercial Gatekeepers

The sanctions channel adds a form of vulnerability that cannot be read directly from energy balances. Farrell and Newman (2019) show how states can exploit central positions in asymmetric networks, while Drezner (2015) explains why access to global finance can itself become an instrument of statecraft. In the 2026 crisis, OFAC's licensing decisions changed the formal environment in which firms outside the United States assessed transactions involving Iranian energy. Commercial actors then had to consider not only whether a transaction was

legally permitted, but also whether coverage, finance, documentation, and counterparties would remain available if the rules changed again. Banks, insurers, shipowners, and traders did not need to behave uniformly for this mechanism to matter. Their individual risk decisions could still narrow the set of transactions that ASEAN firms regarded as workable.

This is why diversification cannot be reduced to locating another seller. A refinery needs a compatible cargo, a vessel willing to carry it, valid insurance, finance, documentation, and counterparties prepared to accept the associated legal risk. The short life of General License X illustrates the volatility of that environment (Office of Foreign Assets Control, 2026a, 2026b), while Reuters (2026) documents insurer caution after renewed attacks on commercial vessels. ASEAN firms are deeply connected to these networks but do not determine the rules of their central nodes. The resulting dependence raises adjustment costs even when an alternative source exists in physical terms.

ASEAN Centrality and the Politics of Burden Sharing

ASEAN Centrality looks different when judged against this material problem. The convening function was visible throughout the first phase. Foreign, economic, and energy ministers produced common assessments, stressed the importance of open sea lanes, and coordinated monitoring and preparedness (ASEAN Centre for Energy, 2026b, 2026d, 2026e). Caballero-Anthony (2014) helps explain why this network position can itself be a source of regional influence, while Yoshimatsu (2023) shows how norms and shared expectations sustain centrality. During a crisis, these capacities matter because they create common information and reduce the risk that national responses develop in complete isolation from one another.

The harder test begins when coordination must be converted into material support. Petroleum resilience depends on inventories, release triggers, transport capacity, financing, fuel compatibility, and agreed rules for allocating scarce supply. APSA was renewed in October 2025 to strengthen petroleum security, with ACE serving as secretariat for coordinated emergency procedures (ASEAN Centre for Energy, 2026c). Yet the April 2026 ministerial statement still described the framework as voluntary and called for completion of national ratification (ASEAN Centre for Energy, 2026e). Jones and Jenne (2016) are relevant here because their analysis of ASEAN security cooperation highlights constraints created by uneven state capacity and a sovereignty-centered regional order. Hormuz therefore exposed not a failure to convene, but the distance between convening and the authority or resources needed to redistribute costly material supplies across member states.

That distance reflects a recognizable burden-sharing logic, although the available documents do not record a failed bargaining episode that would allow the argument to be stated as an observed fact. Member states entered the crisis with different energy endowments, import dependence, fiscal space, storage capacity, and commercial roles. A producer has reason to protect domestic supply, an import-dependent economy values emergency access, and a trading hub places greater weight on continuity in shipping and finance. Voluntary cooperation must reconcile these preferences, even as the costs of holding reserves, releasing cargoes, providing transport, and financing emergency supply are unevenly distributed. The political economy implication is that ASEAN resilience will depend on rules written before the next shortage. Differentiated contributions, compensation, release conditions, transport obligations, and transparent stock reporting would make burden sharing more credible without requiring every member to contribute in the same way.

Bringing the Argument Together

Seen as a whole, the crisis reveals a layered form of dependence. The physical disruption at Hormuz exposed ASEAN's concentration in Gulf energy. Sanctions and private risk decisions then affected which alternatives were commercially usable. National governments could absorb part of the immediate pressure, while ASEAN institutions helped coordinate information and policy expectations. What remained unresolved were the structural costs tied to supply geography, refinery requirements, financial and maritime networks, and voluntary regional rules. This is why ASEAN Centrality cannot be dismissed as merely symbolic, but it also cannot be treated as a substitute for material resilience. Its contribution becomes stronger when coordination is backed by arrangements that make fuel, finance, transport, and emergency allocation available before a crisis forces governments to negotiate them under scarcity.

CONCLUSION

The 2026 Hormuz crisis reveals an ASEAN political economy in which integration is both a source of growth and a channel of exposure. Before the conflict, the International Energy Agency (2026a) estimated that the Middle East supplied about 60 percent of Southeast Asia's crude imports. In comparison, the ASEAN Centre for Energy (2026a) placed Middle Eastern crude at 55 percent of ASEAN imports, Middle Eastern gas at 17 percent of supply, and the directly exposed share of final oil consumption at 28 percent. When maritime traffic collapsed, this concentration transmitted disruption quickly into logistics, industrial inputs, and policy

choices. National measures could soften the initial impact, but they could not immediately remove limits on technical substitution or dependence on shipping, insurance, finance, and sanctions rules. The article's theoretical contribution lies in treating sensitivity as the cost transmitted through existing interdependence and vulnerability as the cost that remains once adaptation is attempted, while using weaponized interdependence only for the network-based sanctions channel rather than for the physical chokepoint itself. The institutional result is more nuanced than a claim of ASEAN failure. ASEAN convened and coordinated actively, yet APSA remained voluntary during the observation period. Hence, the region's strongest collective capacity lay in information and policy coordination rather than binding redistribution of petroleum resources (ASEAN Centre for Energy, 2026e). For policy, the priority is therefore to reduce future adjustment costs through diversified supply, technically credible substitution, transparent inventories, agreed emergency release and transport procedures, and shared sanctions risk information. Future research can test how these arrangements work in practice once firm-level evidence on banking, insurance, refinery operations, and trade finance becomes more complete.

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