

How the Hormuz blockade hits Asia: Evaluating the chokepoint effect on China, Japan, and Vietnam

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Introduction

The Strait of Hormuz carries 20 million barrels of oil transit a day when open, a quarter of the total global maritime oil trade, 80% of which is bound for Asia.

The 2026 Iran War has precipitated a polycrisis. The conflict has three immediate consequences for global trade:

- Hastening geopolitical realignment among nations toward competitive multipolarity;
- Increased technical barriers to trade imposed by Iran's licensing regime, i.e., tolling the Strait of Hormuz; and
- Aggressive disruptions, including the simultaneous mining, patrolling, and blockading of the Strait of Hormuz by both the US and Iran.

Every aspect of the polycrisis precipitates cascading, mutually reinforcing knock-on effects. The Strait of Hormuz carries 20 million barrels of oil transit a day when open, a quarter of the total global maritime oil trade, 80% of which is bound for Asia.¹ The US, since mid-April, has variously blockaded and then sought to unblock the strait amid a breakdown in ceasefire talks with Iran, which Trump had sought after Iran's own effective blockade of the passage, in turn a retaliation for the US-Israel war launched against Iran on 28 February.



The 2026 Iran War has precipitated a polycrisis. The conflict has three immediate consequences for global trade.

Comparing China, Japan, and Vietnam, the latter is the “connector” economy most heavily shaken by the twin Hormuz blockades.

If the Hormuz crisis shows anything, it is that energy security and petrochemical feedstock diversification have become fundamental components of sovereignty in an increasingly multipolar world. This report distills the broad impact of the strait’s closure on how the supply constriction hit three key Asian economies: China, Japan, and Vietnam.

Japan and China are among the largest Asian economies and consumers of the Hormuz oil transit. From a geoeconomic perspective, Japan is a case study as a linchpin of US influence in a region increasingly dominated by China.

Vietnam is one of Asia’s most vital links in global supply chains. By the end of 2025, Vietnam had overtaken China as the largest supplier of laptops and tablets to the United States. It still depends on components manufactured in China for its electronics assembly. And Vietnam also is a major supplier of plastics to the US, Europe, and Japan. It depends heavily on Hormuz passage for Kuwaiti crude, Saudi ethylene-derived intermediates, and Gulf-originating naphtha, all crucial for its plastics output. Ethylene and propylene are the two starting materials in plastics production, which depend on steam-cracking from crude-derived naphtha and from natural gas.

Of the three case studies, Vietnam is the “connector” economy most heavily shaken by the twin Hormuz blockades. In all three cases, the most significant direct impact is their access to mineral-based fuels and petrochemical feedstocks. This matters for critical ongoing economic activity. Even more so, it matters for the energy-dependent technological and artificial intelligence (AI)-driven data centers driving much of Asia’s growth. In Vietnam’s case, there is an even more geopolitically significant consequence: it will likely become a highly motivated buyer of Chinese renewable energy and electric vehicles (EVs) once the Strait of Hormuz reopens, if not even before.

This paper uses a combination of customs data released by China’s General Administration of Customs, Japan’s Ministry of Finance, and the US Census Bureau, along with micro-level customs data from the ImportGenius shipping intelligence database.

China

The nature of the Gulf disruption forces on companies and policymakers a global reassessment of mineral-based fuel dependence.

Of the three countries studied in this paper, China entered the Gulf crisis on the strongest strategic footing with the clearest path to benefit from the economic disruption represented by a significant period of Hormuz closure and damage to Gulf oil infrastructure.

This should not be interpreted as a net benefit. There is clearly enormous cost to China as well. But the nature of the Gulf disruption forces on companies and policymakers a global reassessment of mineral-based fuel dependence. China is currently uniquely positioned by near-total vertical integration to provide solar panels, batteries, and EVs to those scrambling to insulate their economies from chokepoint weaponization.

China's advantage hangs on a knife's edge contingent on the duration of the disruption. Its long-planned renewable energy and EV strategies, now poised to reap handsome rewards, depend on inputs from Gulf extractive industries, including mineral-based fuels, naphtha-dependent petrochemicals, helium, sulfur, and fertilizer.



Of the three countries studied in this paper, China entered the Gulf crisis on the strongest strategic footing, but its advantage hangs on a knife's edge contingent on the duration of the disruption.

Though its power grid is predominantly reliant on coal and renewables, China’s energy imports, though deliberately diversified by policy, still substantially rely on Gulf oil.

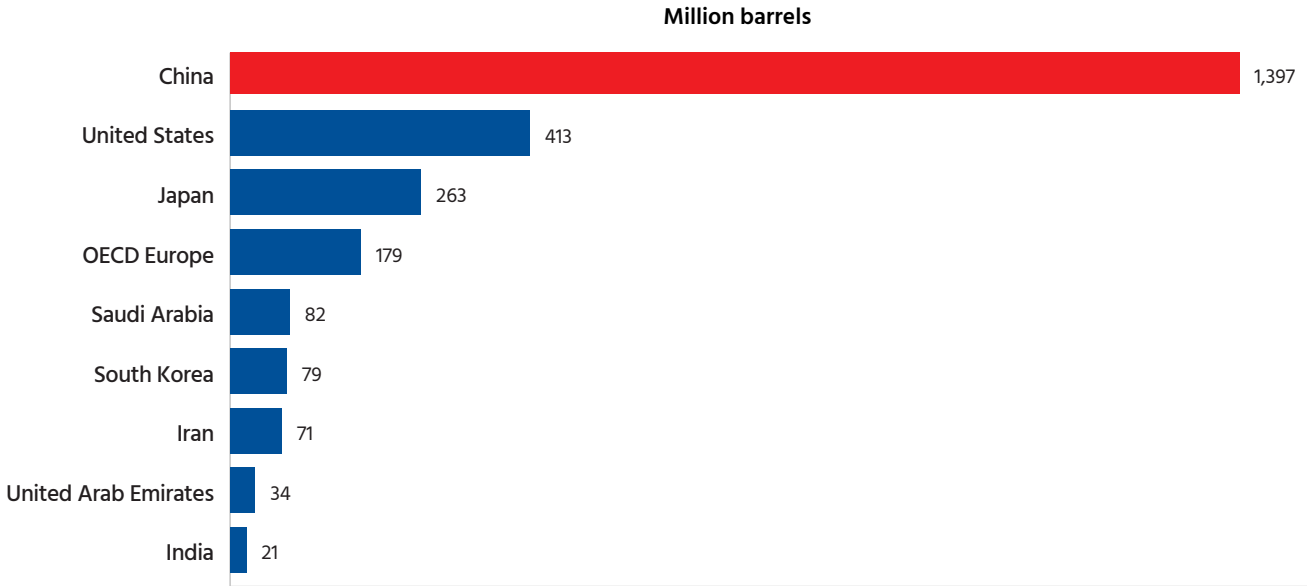
Strategic stockpiling

China has a massive insulation blanket. It is estimated to hold 1.4 billion barrels of crude oil in combined state and commercial inventories as of end-2025, according to the US Energy Information Administration.² This is more than the comparable total held by the US, Japan, all European states in the Organisation for Economic Co-operation and Development (OECD), Saudi Arabia, South Korea, Iran, the United Arab Emirates (UAE), and India combined.

Strategic resource stockpiling provides protection from market fluctuations during periods of normal global trade function and an insurance policy in case of severe disruptions such as the US-Iran war. China’s strategic oil reserve is estimated to be able to cover more than half a year of domestic demand.³ This leaves China, from a crude oil perspective, far better able to withstand an extended closure of the Gulf transit than its neighbors.

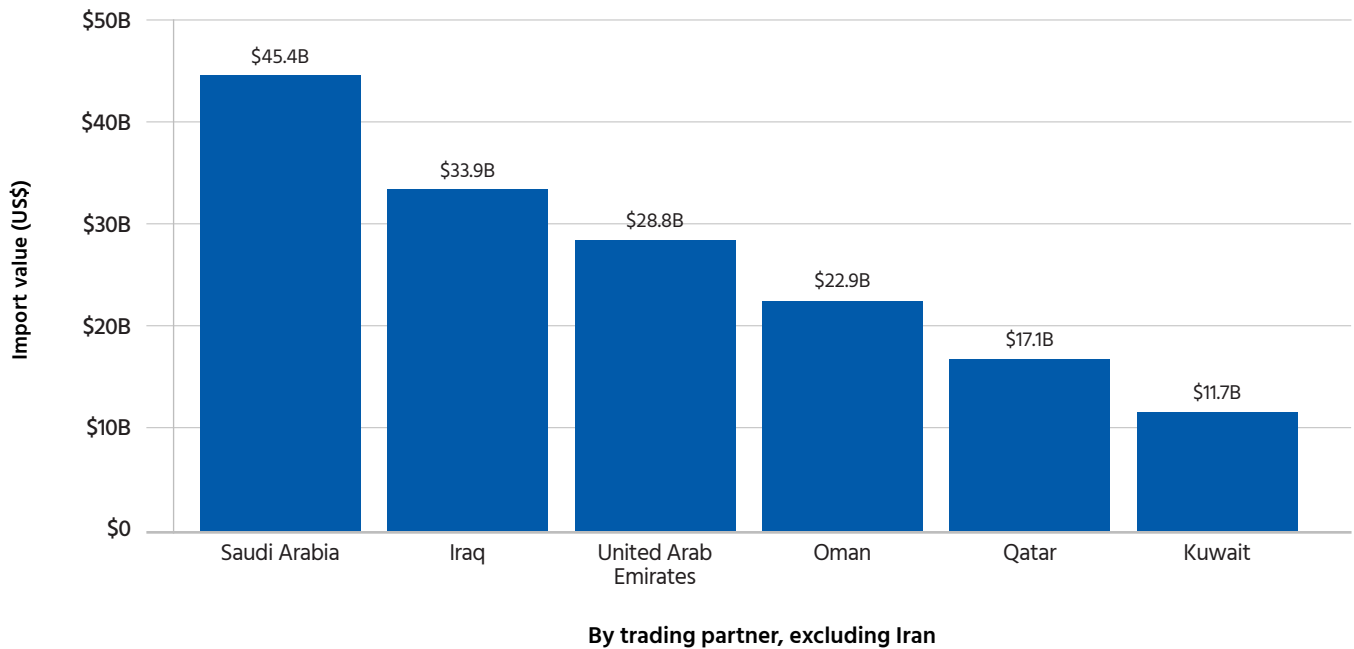
A stockpile is never a long-term solution. As the world’s largest manufacturing economy and exporter, China still depends heavily on imported energy. Though its power grid is predominantly reliant on coal and renewables, China’s energy imports, though deliberately diversified by policy, still substantially rely on Gulf oil.

Figure 1 – Estimated strategic crude oil inventories in selected countries (as of Dec 2025)



Note: Other estimates derived from the International Energy Agency, China National Bureau of Statistics, Vortexa Analytics, Kayrros, Kpler, Argus Media, and Global Trade Tracker.

Source: U.S. Energy Information Administration, Short-Term Energy Outlook (STEO), March 2026

Figure 2 – Chinese imports of fuel, oil, and distilled products (US\$ billion, 2025)

Source: China's General Administration of Customs

China's pipeline provides just as much for the export needs of the world's largest landlocked country, Kazakhstan, as it does for Chinese supply chain diversification.

In 2025, China relied on Gulf states for 42% of its declared crude oil imports. Iranian imports are no longer declared by Chinese customs but analysts suggest that Iran supplied about 13.5% of Chinese maritime crude imports in 2025, pushing China's overall reliance on Gulf crude to more than half of its total imports.⁴

Land lines

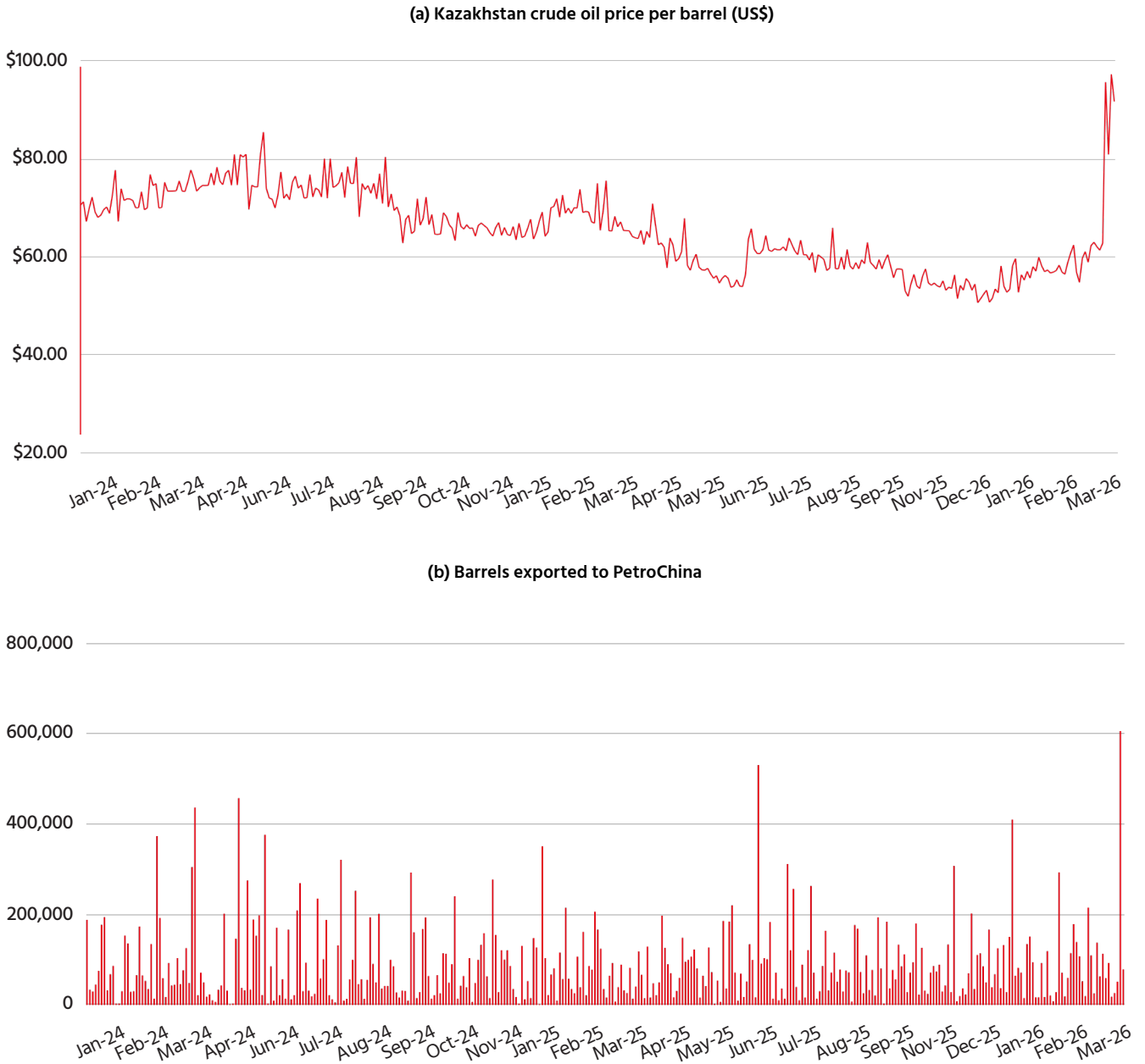
China's largest oil and gas producer, PetroChina, provides a company-level insight into how Beijing uses its Party-state muscle to provide another layer of insulation in crisis management.

ImportGenius data shows PetroChina sourcing more than 1.7 million barrels of crude through its Kazakhstan-China oil pipeline in March 2026, largely from fields in the Central Asian republic's Karaganda and Kyzylorda regions. This is one of the largest monthly volumes visible on ImportGenius real-time records since January 2024 and represents a 142% year-on-year increase. Not only are these imports up, but the declared prices show that many of these imports occurred at nearly US\$100 a barrel, meaning PetroChina is ready to pay market rates during a crisis despite its enormous buffer.

The value of China's pipeline network and its ability to transit oil over Asian land borders are apparent. China's pipeline provides just as much for the export needs of the world's largest landlocked country, Kazakhstan, as it does for Chinese supply chain diversification.

While the total volume of Kazakh oil is small — equivalent to just over a day of China’s Iranian supply — this activity is a microcosm of the Chinese state-owned corporate crisis response. A surge in volume purchased at sky-high prices indicates that China remains a competitive, aggressive bidder at almost any cost.

Figure 3 – Kazakhstan crude oil price per barrel



China is both the world's largest coal producer and importer, producing over half the global total and supplementing this with imports primarily from Russia and Australia.

Electric vehicles

At this point, 12% of cars currently on the road in China are new energy vehicles (NEVs), a number that will surely rise rapidly: nearly half of newly registered vehicles in China are NEVs.⁵

Chinese industry and society still depend on gas and diesel, but the NEV fleet softens shortage-driven demand.

NEVs and China's electrification remain insufficient at this stage of development to decouple the country from crude-derived fuels. But the Chinese automotive industry is benefiting from significant increased international interest in vehicles not beholden to the pump. Autotrader reported in April that demand for NEVs rose 28% month-on-month.⁶ The European Automobile Manufacturers' Association reported a 50% year-on-year rise in registrations of new battery-EV registrations in the European Union in March.⁷ And EV dealers in the Philippines and Vietnam are reporting record demand.⁸

Increased consumer interest in EVs will necessitate infrastructural investments by municipalities and state aversion to a repeat of concentration risks around Gulf-sourced natural gas and liquid fuels may drive significant contracts for the Chinese solar industry.

Coal-based chemicals

Beyond transportation, crude oil is a key input to China's chemical industry. In addition to diversifying crude and natural gas supply through pipelines, China has also invested heavily in an industry seen nowhere else: coal-to-chemicals or coal-based chemical production.

Coal-to-chemicals processes allow for propylene and ethylene to be produced without the need for naphtha cracking. It can even be used for the production of jet fuel and diesel through indirect liquefaction. China is both the world's largest coal producer and importer, producing over half the global total and supplementing this with imports primarily from Russia and Australia.^{9 10} Aside from transportation and extraction costs — and the shifting loyalties of geoeconomic alliances — these supply chains are free of Gulf dependency.

These three sources of feedstock supply — maritime imports, pipeline imports, and coal-to-chemical production — place China in a uniquely stable position to maintain the functionality of its petrochemical industry and downstream manufacturing. This stability is a recent development: Chinese propylene production now accounts for 42% of the global supply, up from 8% in 2020.¹¹

Diversification of domestic supply does not preclude Chinese demand for intermediates. At least four Chinese plastics and petrochemical companies have declared force majeure as of early May, likely due to their overreliance on Gulf intermediate plastic inputs. Chinese customs data shows China sourcing nearly US\$13 billion in mineral-based fuel-derived petrochemicals and plastics, including plastic intermediates, from Gulf states in 2025.

The Hormuz closure has already vindicated China's investments into battery, solar, and EV technologies, as well as coal-based chemical production.

But China's level of reliance on such imports is far from crippling amid the Hormuz shock. Recent trade data from China and Japan indicates that Japanese manufacturers are sourcing key petrochemicals from China to manage their own struggles with the disruption to naphtha import supplies.¹² Japanese imports of Chinese propylene, ethylene, and butadiene, all derived from naphtha, are up significantly year-on-year.

China's feedstock substitution and layered system of energy security allow it to act as a filler of last resort for countries like Japan, and also as a global price buffer, which helps to attenuate plastics price shocks. Chinese capacity will undoubtedly be happy to cater to Asia and beyond during and after the Hormuz closure. Africa also represents a significant potential overseas market historically served by the Gulf.¹³

Industrial overcapacity

If there is an Achilles' heel in China's strategic buffer, it lies in a longstanding structural problem with China's industrial overcapacity.¹⁴ These overcapacity issues are a reminder of what may be China's greatest risk amid the Hormuz Strait's closure. No amount of internal preparation and supply redundancy can stimulate external demand for China's vast industrial production in the event of a global economic slowdown, particularly for retail consumer goods. This is especially so if the surge of Chinese exports continues to erode the economic output of the countries that sustain the consumption of so much of China's excess production.

The International Monetary Fund's World Economic Outlook in April downgraded forecasts for global imports.¹⁵ The IMF projected a decline in import growth among eight of China's top 20 export markets. Two of these, the Philippines and the UAE, are projected to contract by over 4% each.

Still, in the near to medium term, the Hormuz blockade is likely to prove eminently navigable with minimal social disruption to China. The closure has already vindicated China's investments into battery, solar, and EV technologies, as well as coal-based chemical production. The Hormuz closure is widening the split between economies reliant on imported mineral-based fuels and renewables, and China's leadership in the latter will be further cemented in the post-closure world.

Japan

The need to control energy costs will likely move Japan further away from renewables and deepen its commitment to coal, natural gas, and nuclear power generation.

For Japan, the maritime blockade in the Gulf underscores and entrenches its geoeconomic dependencies. As an island nation with limited domestic energy resources, Japan has an enormous reliance on maritime imports of crude, coal, and natural gas. Japan's significant strategic oil reserve gives it a buffer equivalent, in time if not in volume, to China's stockpile. Unlike China, however, it is not apparent how much more room Japanese industry has to maneuver.

The need to control energy costs will likely move Japan further away from renewables and deepen its commitment to coal, natural gas, and nuclear power generation. These further align Japan's geoeconomic dependency on the United States, which is betting heavily on cementing its dominant role in mineral-based fuel production and whose crude shipments have already begun arriving in Japan.¹⁶

Thanks in part to US supply as well as newly available Russian supply, Japanese Prime Minister Sanae Takaichi said that Japan has been able to secure 60% of the crude import volume it needs for May.¹⁷ This will lower the burden on Japan's strategic stockpile, but it's far from a sufficient substitution. Historical data from Japanese customs indicates that Japan relied on Middle Eastern countries for 95% of its crude imports, and 70% of that volume transited the Strait of Hormuz.¹⁸ Japan's demand for crude is significant: Japanese domestic production only accounts for 0.3% of the global total, data from the International Energy Agency shows.¹⁹

Japan's power grid, however, is insulated from direct shock. Coal and natural gas each account for roughly 32% of Japan's electrical production, with nuclear and solar each providing another 10%.²⁰ Japan only has a 7% reliance on Hormuz-impacted natural gas. Coal supplies remain secure.

As of the beginning of May, Japanese spot power prices remain generally stable. This aligns with Takaichi's remarks on Japanese energy security, which express confidence in the domestic energy supply and reject the idea of emulating cutbacks seen in the Philippines and Vietnam. This confidence may come at a cost. The Japanese government appears to have decided that it is worth committing to energy subsidies in the near future rather than making more fundamental policy changes by beginning to lower power consumption now. Tokyo is considering a US\$3.1 billion subsidy for electricity and natural gas to stabilize retail electricity and city gas prices from July to September to minimize the negative economic impact of higher energy prices.

Japan is using its newfound security in crude supply to try to fortify weaknesses in other parts of its supply chain, notably its dependence on plastics imports from Vietnam. Japanese oil refiner Idemitsu Kosan committed to distributing four million barrels of oil to Vietnam, which has been struggling to source crude. Japan has also committed US\$10 billion in loans to Southeast Asian partners for crude oil purchases including Vietnam through POWER Asia, a new Japanese energy

The value of Japan’s reserves for shoring up not only its own domestic supply but also protecting overseas production of critical inputs is significant.

security initiative, as well as promising funding for the construction of oil storage tanks to expand the ability of Association of Southeast Asian Nations (ASEAN) partners to stockpile.²¹

Japan’s data indicates that Vietnam provides Japan with roughly 9% of its plastic product imports (HS 39) and 4% of auto parts imports (HS 8708). ImportGenius’s data inventory originating from Vietnamese customs identifies Hyosung Japan, the Japanese trading company Hanwa, and Coca-Cola Bottlers Japan as major importers of Vietnamese plastics.

The value of Japan’s reserves for shoring up not only its own domestic supply but also protecting overseas production of critical inputs is significant. A foundational goal of supporting regional partners, according to Takaichi, is securing “medical supplies that Japan relies on Asia” to provide.²²

The big hit from Hormuz is to Japan’s plastics and petrochemical industry. Some 40% of Japan’s domestic naphtha supply was sourced from the Middle East prior to the closure of the Strait.²³ Naphtha is the primary feedstock for ethylene plants, and several, including plants operated by Mitsui Chemicals, Mitsubishi Chemical Group, and Idemitsu Kosan, have announced production cuts due to supply issues.^{24 25} Japan has reportedly secured naphtha supplies through the end of the year, but the shortage has doubled naphtha spot prices.

Figure 4 – Japanese consignees of Vietnam plastics

Companies	Total imports (US\$)
Hyosung Japan	\$66,281,431
Tokyo Sangyo Co.	\$28,852,454
Hanwa Co.	\$27,645,383
Itochu Corporation	\$22,096,035
Japack’s Inc.*	\$21,489,825
Marubeni Plax Corporation	\$20,622,640
Coca-Cola Bottlers Japan Inc.	\$16,320,780
Lihit Lab., Inc	\$15,829,494
AICA Kogyo Co.	\$15,711,332
Kyokuyo Co.	\$15,206,620

*US\$4.9 million of Japack’s HS 39 imports are biologically sourced plastics, obtained from renewable biomass rather than fossil fuels.

Source: ImportGenius

Even if naphtha supplies are secured, the rising prices combined with the potential unavailability of certain downstream chemicals and products are likely to weigh on Japanese manufacturing.

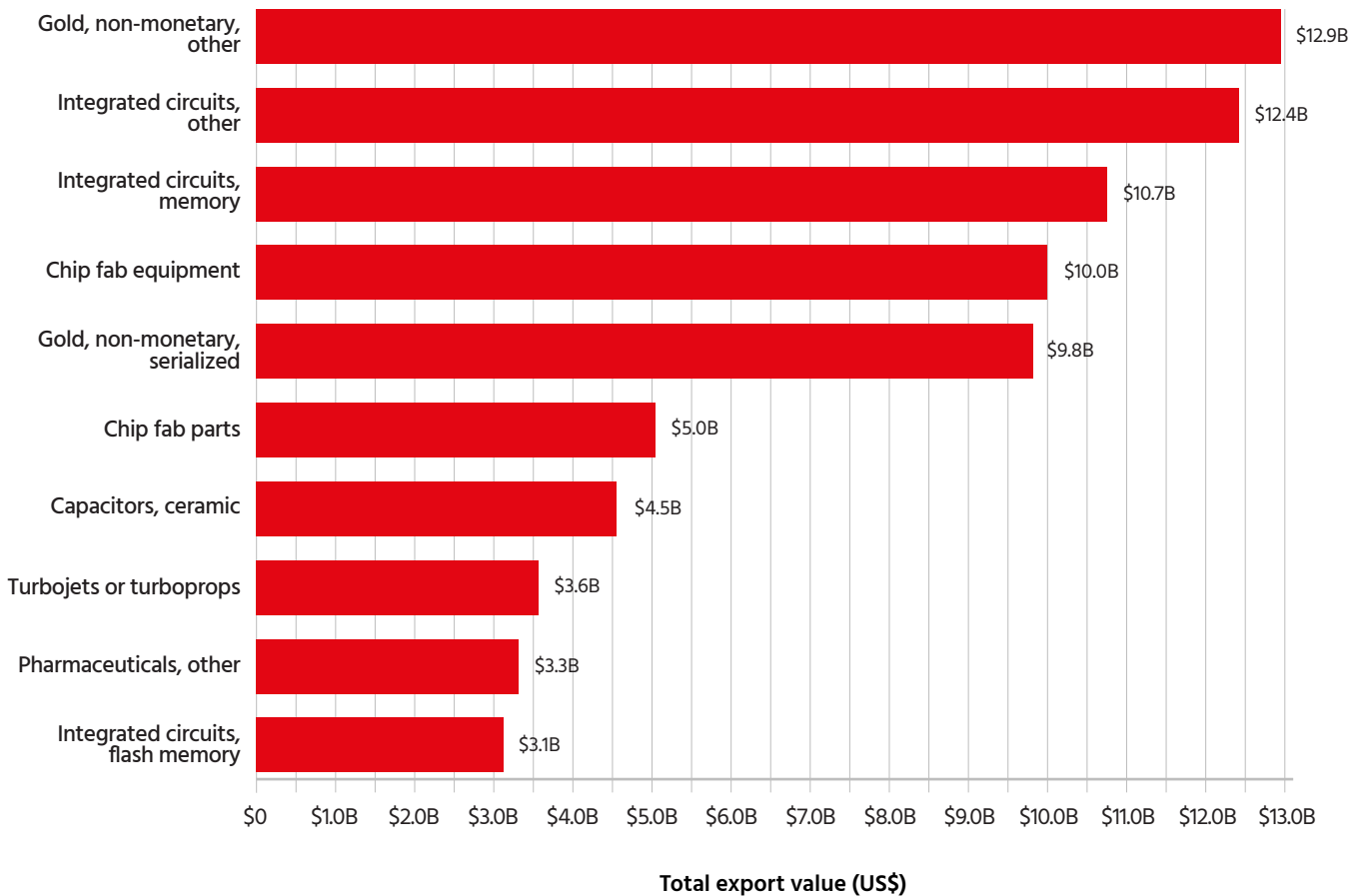
These prices will filter downstream, threatening the margins and economic viability of a dizzying variety of Japanese makers of intermediate and finished products. Toto has temporarily suspended orders for prefabricated bath units, citing a shortage of organic solvents needed to make adhesives and coating agents.²⁶ Other Japanese manufacturers with such dependencies have issued similar warnings.

Japanese customs data shows that Saudi Arabia provided Japan with US\$260 million of organic chemicals in 2025, and the UAE supplied 55% of Japan’s imported methanol during the same period. Even if naphtha supplies are secured, the rising prices combined with the potential unavailability of certain downstream chemicals and products are likely to weigh on Japanese manufacturing.

The Japanese automotive industry is doubly jeopardized. In addition to its heavy reliance on plastic inputs, Japanese domestic automakers rely on Middle

Figure 5 – Top Japan air exports by HS description (US\$ billion)

(Not including re-exports)



Source: ImportGenius

Caught in a scramble for limited aluminum supply and needing to develop new supplier relationships, Japanese automakers may be forced to significantly cut production.

East facilities for 70% of their aluminum.²⁷ Japanese customs data shows that 27% of total Japanese aluminum imports in 2025 were shipped in through the Gulf. Production facilities at Emirates Global Aluminum and Qatalum have been damaged amid the conflict, and the complexity of restarting aluminum production lines means that it may take a year or more to resume normal operations. Caught in a scramble for limited aluminum supply and needing to develop new supplier relationships, Japanese automakers may be forced to significantly cut production. Aluminum is also critical to the shipbuilding, construction, packaging, and electrical-electronics industries, leaving Japanese conglomerates such as Sumitomo heavily exposed.

All Japanese finished goods not intended for domestic consumption are reliant on air or ocean freight. The sophisticated electronics and other high-complexity, precision-manufacturing outputs that Japan is renowned for, such as microchip manufacturing devices necessary to data centers, are often shipped by air. Japan's data shows that 46% of Japan's 2025 exports by dollar value left the country via air, a US\$257 billion flow. A global jet fuel crunch, which has already caused the collapse of Spirit Airlines in the US, could threaten the viability of air freight in an extended Hormuz closure scenario.

The belly hold capacity of commercial passenger aviation accounts for roughly half of global air freight.²⁸ The other half travels on dedicated freight aircraft. Though significant cuts to commercial aviation capacity now underway have grabbed headlines, dedicated air freight is even more vulnerable to a jet fuel crunch. If governments are forced to triage the distribution of jet fuel, they will likely favor passenger aviation over dedicated air freight. Uninterrupted commercial air travel creates a sense of normalcy and provides economic value that was last disrupted during the COVID pandemic.

Air freight in this scenario may be limited to what can fly along underneath passengers. The overall effect will depend on the severity of the summer's jet fuel crunch, but is certain to raise air freight spot rates. Booming demand for AI and pharmaceutical shipments has already put upward pressure on spot rates for existing capacity, and a substantial collapse of jet fuel supply could render air freight uneconomical or flat-out unavailable for certain routes and industries.

These factors sum up a bleak picture for near-term Japanese economic growth. And as Japan commits more heavily to oil stockpiling (including to a potential domestic stockpile of US oil) and invests in restarting nuclear plants and expanding coal-fired generation, it is materially committing to returning to reliance on mineral-fuel-based energy supplies, which will more closely link Japan to the US political and economic agenda.^{29 30}

Vietnam

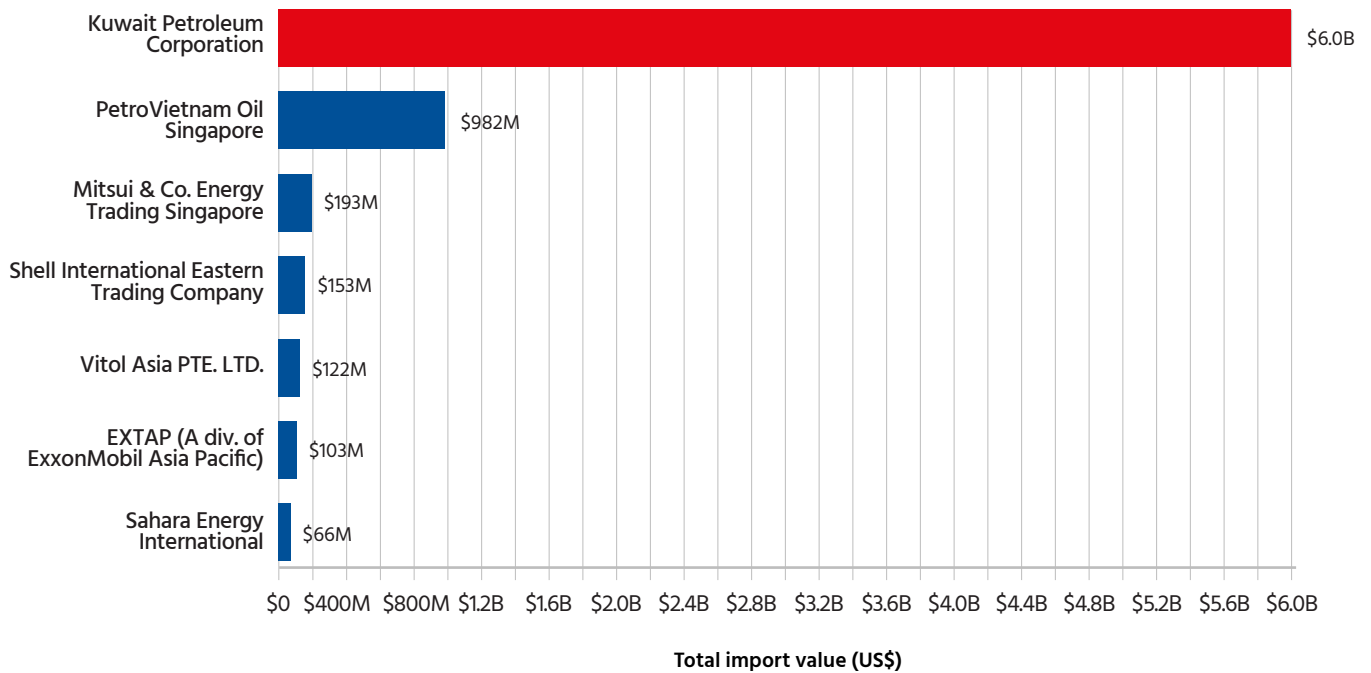
Perhaps nowhere more so in Asia is the interdependent nature of modern global supply chains more apparent and the effect of the Strait of Hormuz blockade of more consequence than in Vietnam.

Vietnam's situation in the Hormuz Strait disruption is precarious. Unlike China and Japan, it does not have significant strategic crude stockpiles. And it lacks the political and economic muscle to aggressively compete for energy supplies. Likely for this reason, Vietnam has received far less attention from international media and analysts than the largest Asian economies also studied in this paper.

This is a glaring oversight. Perhaps nowhere more so in Asia is the interdependent nature of modern global supply chains more apparent and the effect of the Strait of Hormuz blockade of more consequence than in Vietnam. Vietnam's swiftly rising position as one of the most important "connector" economies of the world means that what happens in Vietnam threatens disruptions elsewhere including in the United States, China, and Japan.

ImportGenius's data inventory at the company level illuminates a grave concern. In 2025, Vietnam imported nearly 80% of its crude oil from Kuwait via the Strait of Hormuz. All of this crude, approximately US\$6 billion worth, was supplied by Kuwait Petroleum Corporation (KPC). As it happens, KPC also holds a 35.1% stake in Vietnam's Nghi Son Refinery and Petrochemical LLC, which supplies between 35% and 40% of Vietnam's domestic oil demand.

Figure 6 – Oil imports into Vietnam by exporter (2025)



Source: ImportGenius

Even with its domestic grid's energy supply in a position of relative security, Vietnam's heavy reliance on imported crude means the Vietnamese government needed to take swift action to stabilize fuel prices and limit domestic energy consumption.

KPC declared force majeure on 7 March, citing an inability to export production due to the closure of the Strait. In early April, KPC's headquarters and, more critically, its Mina Al Ahmadi facility and Mina Abdullah refinery, were struck by Iranian drones. KPC extended its earlier force majeure declaration in a late April announcement.³¹ Current damage to infrastructure cut Kuwait's crude output to early 1990s levels, which represents a loss of approximately half of the nation's 2025 production.³²

Assuming no further damage, KPC estimates that several months of repairs will be required to regain lost production if the conflict concludes. As with Japan's aluminum, this is a situation where reopening the Strait does not mean restarting production. The former is a necessary precondition for the latter, but lost capacity will linger until the war's damage can be repaired and facilities brought fully up to speed. Additionally, since Nghi Son Refinery is designed to process Kuwaiti crude, alternate blends cannot be optimally refined without expensive and time-consuming modifications to the refinery.³³

To some extent, Vietnam has buffered the shock to its system. In 2010, when Vietnam was dependent upon natural gas for 50% of its energy generation, a disruption of this nature would have been catastrophic. Vietnam has since lowered its reliance on natural gas to 6.4% of its domestic generation capacity, with coal now accounting for 50%.³⁴ Vietnam is able to cover around 40% of its current demand for coal through domestic production, which provides a level of insulation from the closure of the Strait.

Even with its domestic grid's energy supply in a position of relative security, Vietnam's heavy reliance on imported crude means the Vietnamese government needed to take swift action to stabilize fuel prices and limit domestic energy consumption. This included the disbursement of US\$217 million from its Petroleum Price Stabilization Fund and the suspension of fuel taxes through June.^{35 36} These measures have gone some way in blunting the impact of the Hormuz blockade. Gasoline prices are now 26% above pre-closure levels.³⁷ Diesel prices are up 51% in May, down from 145% above pre-closure levels in early April.³⁸

Food

Increased transportation and logistics costs have had immediate, widespread impacts on food costs.³⁹ Some of these increases will take time to unwind even in the event that adequate oil supplies can be secured. Several major Vietnamese export industries are heavily reliant on gasoline or diesel to function. Rubber, fruit and nut, and lumber plantation operations demand the flexible off-grid power provided by liquid mineral-based fuels, as does Vietnam's fishing industry.

Beyond oil, Vietnam has significant imports in two other categories from the Gulf: raw cashews from the UAE, a US\$325 million category in 2025, and ethylene-derived intermediates in the plastics chemical chain (US\$175 million in 2025). Vietnam is the world's leading importer of raw cashews, for processing by its cashew industry which also is infamous for its use of forced and child labor.⁴⁰ The Emirates' cashew shipments constitute 7% of Vietnam's US\$4.7 billion supply in 2025. The companies responsible for shipping the cashews to Vietnam, such as EC Agrotrade and Seadco, use the Emirates as a convenient port of transit for cashews harvested elsewhere, and may be able to reroute shipments. There are

A severe naphtha and ethylene-derived intermediates shortage will impede Vietnam's ability to produce and export plastic products required for the global manufacturing complex.

other agri-commodities that the Gulf states do not produce but for which they serve as a brokerage hub.

Plastics and petrochemicals

Disruption to the Vietnamese plastics and petrochemical industries threatens disruptions throughout Vietnamese industry and society, which will then cascade through Vietnam's trading partners. A severe naphtha and ethylene-derived intermediates shortage will impede Vietnam's ability to produce and export plastic products required for the global manufacturing complex. Saudi Basic Industries Corp (SABIC), which supplied Vietnam with US\$45 million of ethylene-derived intermediates in 2025, declared force majeure on a number of product categories in March and shortly afterwards faced military strikes on its facilities at Jubail.^{41 42} Equate Petrochemical, another supplier to Vietnam, also took a similar hit in the Jubail strike.

Aggregated Vietnamese trade data and US Census Bureau data confirm that the United States is the largest recipient of Vietnamese plastics at over US\$4 billion in 2025. Japan and China are the next most reliant, with Japan sourcing US\$1 billion and China sourcing US\$504 million in 2025. India, Indonesia, South Korea, Cambodia, and Thailand all also rely on Vietnamese plastic products, as do some European countries. In total, this represents a US\$9.4 billion shock to global plastic goods output.

Further complicating global petrochemical supply chains, in 2025 Vietnam exported over US\$723 million worth of oil-derived chemicals to Japan under HS 29. Idemitsu Kosan and Mitsui Chemicals receive the majority of these imports. Singapore imported about US\$71 million, most of which (US\$57 million) went to SCG Chemicals Trading, one of the largest integrated petrochemical companies in Asia.

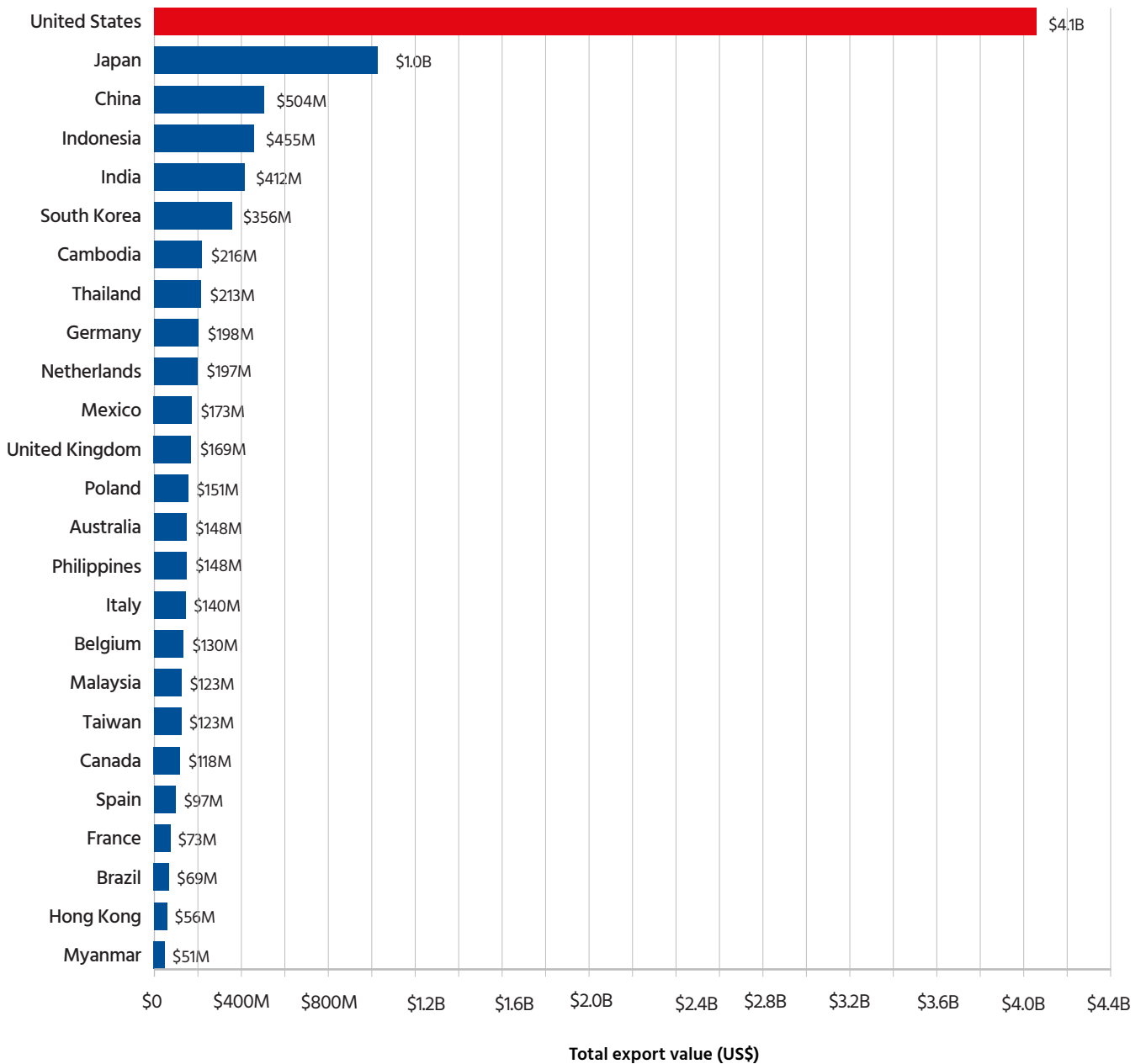
Beyond oil and diesel, the global jet fuel crunch poses an outsized threat to Vietnam's recent manufacturing boom. Vietnam was one of the ostensible "winners" of the Trump administration's Liberation Day tariffs. Due largely to electronics assembly using components manufactured in China, Vietnam has surged ahead of China as the United States' leading source of laptops and tablets.⁴³

Expanded laptop exports account for 38% of Vietnam's increases in US-destined air freight exports in 2025. Air freight made up US\$41.4 billion, or 72%, of Vietnam's total exports to the US last year from 2024. Laptops exported by air freight accounted for 27% of Vietnamese export increases to the US by any mode of transit.

Vietnam's precarity is ultimately a source of global precarity. International dependence on Vietnam for plastics and petrochemical products, two industries dependent on resources made scarce by the closure of the Strait of Hormuz, means that Vietnam is a critical industrial chokepoint for trade flows. Vietnam's outsized dependence on Kuwait, and its lack of a strategic oil stockpile, compound that fragility.

Vietnam has been a canny and determined comptroller of its resource security before. It took Hanoi 16 years to largely wean itself off natural gas. Once the Strait of Hormuz is reopened, Vietnam will likely become a highly motivated buyer of Chinese renewable energy and EVs, even if Vietnam’s passenger vehicle fleet may take substantial time to replace.

Figure 7 – Vietnam plastic exports by importer country (2025)



Conclusion

An extended Hormuz closure will require nations to evaluate two divergent possibilities: keeping committed to diversified sources of mineral-based fuels or investing heavily in renewables, battery-based grids, and EVs.

The closure of the Strait, combined with attacks on Gulf oil and refinery infrastructure, removes access to resources upon which global economic activity is immutably predicated: power and plastic. International cooperation, thoughtful deployment of strategic oil reserves, and domestic policy action by governments have, so far, been able to limit the severity of the situation. But loans and stockpile releases only go so far in the event of an extended supply shortage. The extended loss of 25% of global seaborne crude supply can produce no outcome other than a correspondingly brutal hit to global economic activity.⁴⁴

Commercial aviation is uniquely left in the lurch. International aviation routes require reliable access to affordable stocks of jet fuel regardless of national borders. Flight cancellations, fuel surcharges, and the bellwether collapse of Spirit Airlines have been the most tangible interruptions to business as usual. These fractures will continue to widen as jet fuel supply remains disrupted, and will drive routes and firms into unprofitability.

The economic efficiencies afforded by freely flowing trade in mineral-based fuels have enabled global economic growth for nearly a century. These efficiencies, fostered by trust in trade, supported the case for export-led development over import substitution. The ability to rely on international energy markets for undisrupted supplies was an implicit guarantee sustained by, and sustaining, United States hegemony.

For nations with sufficient mineral-based fuel reserves, energy autarky may be technically achievable if economically inefficient. For all others, some combination of nuclear and renewables is likely going to be required in the new era — all of which have tremendously complex global geopolitics and new dependencies on expertise and competitors.

An extended Hormuz closure will require nations to evaluate two divergent possibilities: keeping committed to diversified sources of mineral-based fuels or investing heavily in renewables, battery-based grids, and EVs.

Nations unable or unwilling to decouple from mineral-based fuel reliance may find themselves dependent on supplies and transportation routes dominated by the United States.

Renewables may appear quite compelling in this scenario, but they constitute a similar bargain: a deep integration of Chinese technology into a nation's institutional and civilian infrastructure.

Trade war has escalated into actual war. Each nation will need to closely evaluate its energy security as damage continues to radiate and compound from the closure of the Strait of Hormuz.

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He built and runs ImportGenius's research department, which examines social and economic issues through the lens of trade data. The department's work has contributed to a number of major headlines and documentaries, including *Shadow Men*, a Peabody-nominated *Wall Street Journal* documentary investigating the Wagner Mercenary Group. Investigations the department has undertaken span topics as diverse as deforestation, export control and sanctions violations, arms shipments, tainted medicines in pharmaceutical supply chains, and tariff fraud.

The department has also extensively analyzed trade disruptions, including the Red Sea closure, the 2024 US port strike, US tariff implications, US tariff frontloading, and COVID-related supply chain snarls. William began work at ImportGenius as an analyst examining the 2018 US-China trade war. He has been cited extensively in international media on topics related to the department's work and discoveries.



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Lynn Hughes is the Lead Analyst at ImportGenius's research department.

Previously she was a Data Analyst for Capital One and Digital Intelligence Systems, developing features for machine learning based fraud-detection models in the Chargeback and Remote Deposit Capture segment.

Her analytical subjects of interest include arms trafficking in former Soviet Union states, sanctions evasion, and trade-based money laundering. She has been cited in *Vogue*, *Politico*, *CNBC*, *The i paper*, and *GCaptain*, and has contributed to reporting by a wide range of international publications including the *New York Times* and *Wall Street Journal*.



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Endnotes

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