



Institute for Energy Economics  
and Financial Analysis

# The Middle East Crisis: A Global Wakeup Call

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Navigating a crossroads  
in the energy transition

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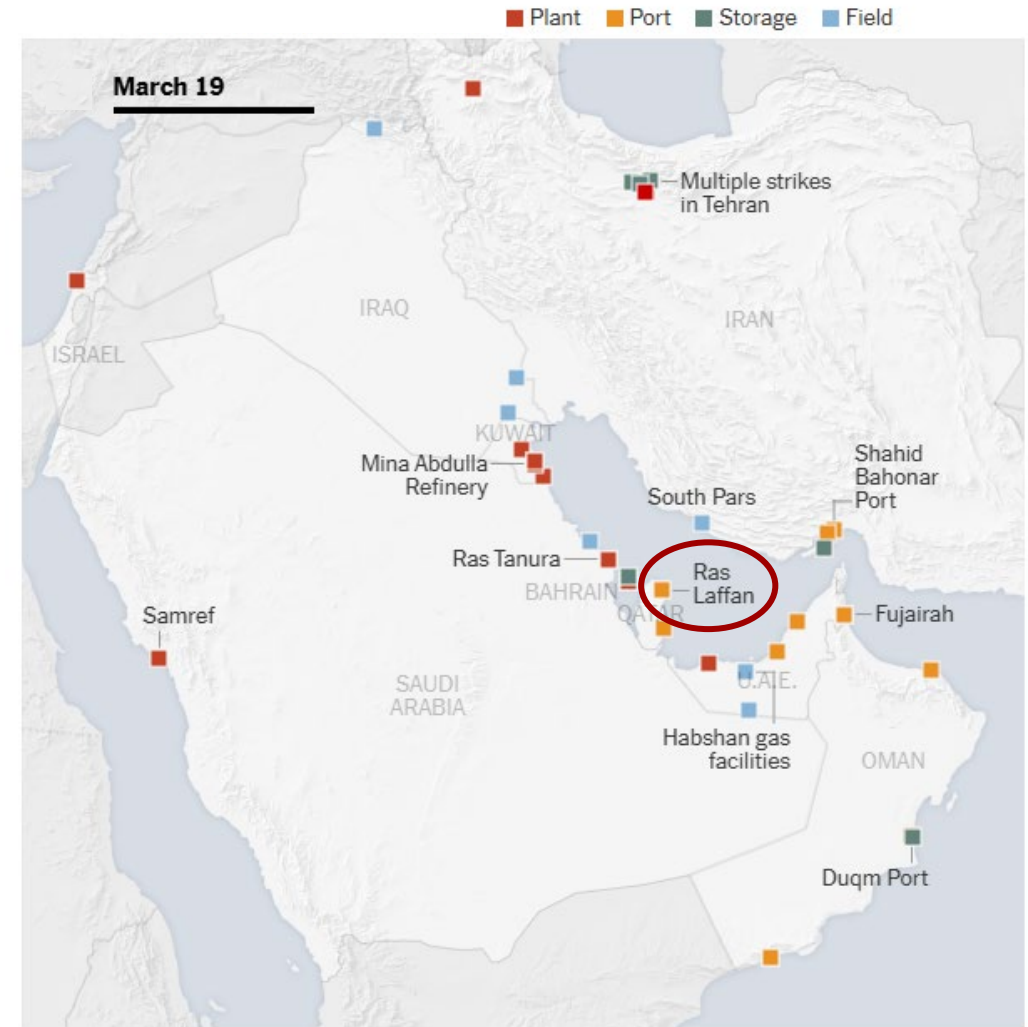
**“ The world is facing the greatest  
global energy security threat in history. ”**

**Dr. Fatih Birol  
Executive Director  
International Energy Agency**

# Widespread damage will require years of repair

- Damage to more than 40 major energy infrastructure assets.
- Restoring Qatar's Ras Laffan LNG facility could take 3-5 years.
- Even if attacks stop today, “normal” is years away.
- The secret's out—global fossil fuel infrastructure is *fragile*.

## Damaged Energy Infrastructure



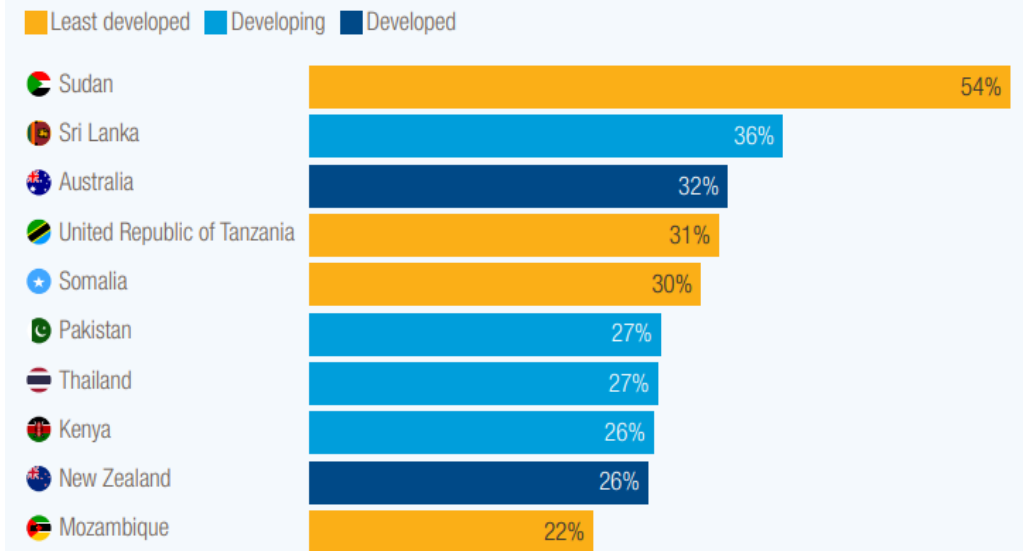
Source: The New York Times

# Commodity shocks go far beyond oil and gas

- **Fertilizer:** one-third of global seaborne trade, 7-8% of total supply.
- **Helium:** critical to computer chip manufacturing, ~40% of global supply.
- **Polymers:** polyethylene (15% of global capacity), polypropylene (9%).
- **Aluminum:** ~9% of global supply.

## Fertilizer shortages could hit low-income nations hardest

Share of fertilizers imported by sea and originating from the Persian Gulf region in 2024



Source: UN Trade and Development.

# “Perfect Storm” for Global LNG

- **One-quarter of global LNG export capacity** is currently offline.
- **Ras Laffan**—Nearly 20% of global output—is closed, with 2 of 14 trains damaged.
- **Australian LNG** output has been compromised by Cyclone Narelle.
- **Russian LNG** output has been constrained by Ukraine attacks.
- Recent U.S. **threats to Europe’s LNG** have caused new tensions and fault lines.
- **LNG’s “reliability” narrative is in tatters.**

# For the energy transition: One foot on the accelerator ...

- Philippines races ahead with solar deployments.
- Stock prices soar for solar and battery companies in China: “This oil shock is the best possible advert for Chinese technology.”
- LNG executives warn that instability is bad for business:
  - “These geopolitical shocks ... send the wrong signals to customers.” – [Shell](#)
  - “We need LNG to be dependable.” – [Excelerate Energy](#)
  - “The volatility in price is probably the biggest risk for industry.” – [Kimmeridge Energy](#)
- U.S. oil drilling rig count remains flat.
  - “U.S. shale firms unlikely to drill at \$100 a barrel unless high prices last longer.” – [Reuters](#)

# For the energy transition: One foot on the accelerator ... the other on the brake

- Short-term responses: fossil fuel subsidies; restarts of coal power plants; securing new oil and gas supplies.
- Price and policy momentum for new oil and gas projects, particularly outside the Middle East.
  - CP2 Phase 2 expansion approved.
  - LNG Canada pipeline expansion.
- Economic jitters, rising borrowing costs, fiscal challenges, and disrupted supply chains may slow clean energy deployments.

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**Two roads diverged ...**

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# Thank You

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## Contact

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