



Special Advisory

# Effects of the Middle East Escalation on the Asia Pacific

Issued: 12<sup>th</sup> March 2026

Authored by:

Michael Gardiner  
- Associate Intelligence Analyst (APAC)

Ali Hassan  
- Associate Intelligence Analyst  
(South Asia)



# How the new Middle East conflict could reshape Asia Pacific risk

## Introduction

The Asia Pacific (APAC) is not immune to recent developments in the Middle East. Joint US-Israeli airstrikes in Iran on 28<sup>th</sup> February kickstarted an increasingly uncontained conflict that has entangled several actors. The conflict's nature has exposed APAC on multiple fronts and reflected the critical role of geopolitics in organisational risk exposure.

While direct conflict risks are low, multiple developments underscore APAC's exposure to the conflict. An Iranian frigate was sunk by a US submarine off the coast of Sri Lanka on 4<sup>th</sup> March. Fatal unrest occurred in Pakistan during conflict-related protests, while the cascading effects of supply chain disruption will challenge governments and businesses throughout the region.

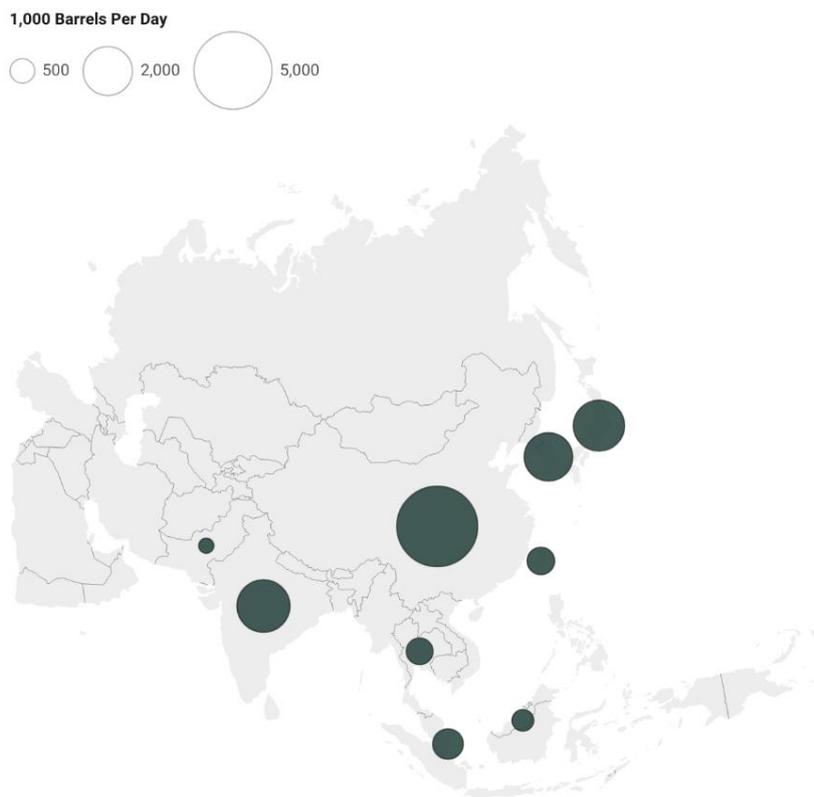
Businesses in APAC will need to adapt to the evolving situation in the Middle East. Duty of care to travelling staff affected by the conflict is likely the priority, alongside reviews of business travel. Supply chains are likely compromised, and the conflict's volatility will increase uncertainty over at least the short term. Wide-ranging disruption and increased costs are highly likely for APAC-based businesses while the conflict continues.

# Regional energy supply disruption

**The escalation will almost certainly disrupt access to energy supplies originating from the Middle East.**

Iran’s threats, attacks targeting refineries, and the de facto closure of the Strait of Hormuz have caused a significant drop off in exports. Approximately 20% of global oil and LNG supplies flow through the strait, with 80% of those bound for Asia, underscoring its status as a critical node for Asian supply chains. Oil tanker traffic has reduced by 80% since the beginning of the conflict. While the US Navy has been instructed to escort tankers, the transit risks are high, and tankers have been struck by Iran. If these attacks persist, the sustained disruption to energy infrastructure will significantly increase the risk of prolonged fuel shortages and economic decline.

### Main Asia Pacific importers of Middle East crude oil (by 1,000 barrels per day)



Created with Datawrapper

Source: [Reuters](#)

**Chokepoint vulnerabilities risk cutting off access to energy supplies for large parts of APAC over the coming weeks, prompting slight DETERIORATIONS in many operating environments.**

Many countries are reliant on supplies from the Middle East – multiple import over 35% of their total oil supply from the region, including Japan (95%), Singapore (70%), South Korea (68%),

China (45%) and India (40%). The disruption is increasingly likely to force countries to open access to strategic reserves or seek alternative providers; only a few oil-exporting countries in the region are set to benefit, such as Brunei or Papua New Guinea. For International Energy Agency (IEA) member countries, at least 90 days' worth of fuel reserves must be maintained for emergencies – Australia, Japan, New Zealand and South Korea are IEA members. Countries that are lacking large-scale reserves or are geographically isolated, such as in the South Pacific, are more likely to experience short-term supply shortages and associated disruption until normal shipping resumes. In response to the situation, several countries have imposed fuel restrictions and other measures, such as work-from-home (WFH) protocols.

**Shippers and insurers are highly unlikely to risk transits and coverage for transits, respectively.**

Thousands of container ships, tankers and carriers are stranded given the significantly heightened risks. Even when the conflict ends, confidence in the security of the passage will take weeks to restore. Disruption has been observed to global trade networks, with increased congestion likely at the Strait of Malacca and key regional ports, such as in Singapore. Shipping delays and congestion are unlikely to be alleviated until the security situation stabilises, causing widespread disruption to APAC based shipping operations.

**The main risks for most countries are increased fuel prices and inflationary pressures, rather than outright fuel shortages.**

The average price for fuel in the region reportedly increased by nearly 40% when the conflict broke out, with a barrel of Brent crude surpassing \$100 on 8<sup>th</sup> March. Petrol and diesel prices will almost certainly rise in response. The record-breaking 12% drop in South Korea's stock market on 4<sup>th</sup> March reflects greater economic volatility, particularly for more exposed markets. Similar drops have occurred across regional stock markets, including for Australia, Japan, Malaysia and New Zealand indices. Prices for other imported goods will almost certainly rise in tandem due to the increased fuel prices and shipping costs. Governments across the region will come under pressure to respond, potentially through subsidies and other price control measures.

**Advice:**

- Anticipate increased costs to operations over the coming weeks while the conflict continues.
- Review supply chains for vulnerabilities that have emerged following the outbreak of conflict.
- Update business continuity plans due to possible disruption to operations over the short term and test plans to ensure they are resilient to further shocks. Some countries may be more vulnerable to power outages and other disruptive events due to fuel supply issues.
- Stock up on fuel supplies in case of prolonged disruption and anticipate longer queues and potential 'panic-buying' at petrol stations.
- Closely monitor regional developments for announcements related to the wider operational environment and any knock-on effects, such as sanctions and regulatory shifts.
- Abide by official directives and consider adapting working arrangements, such as by providing more WFH days.

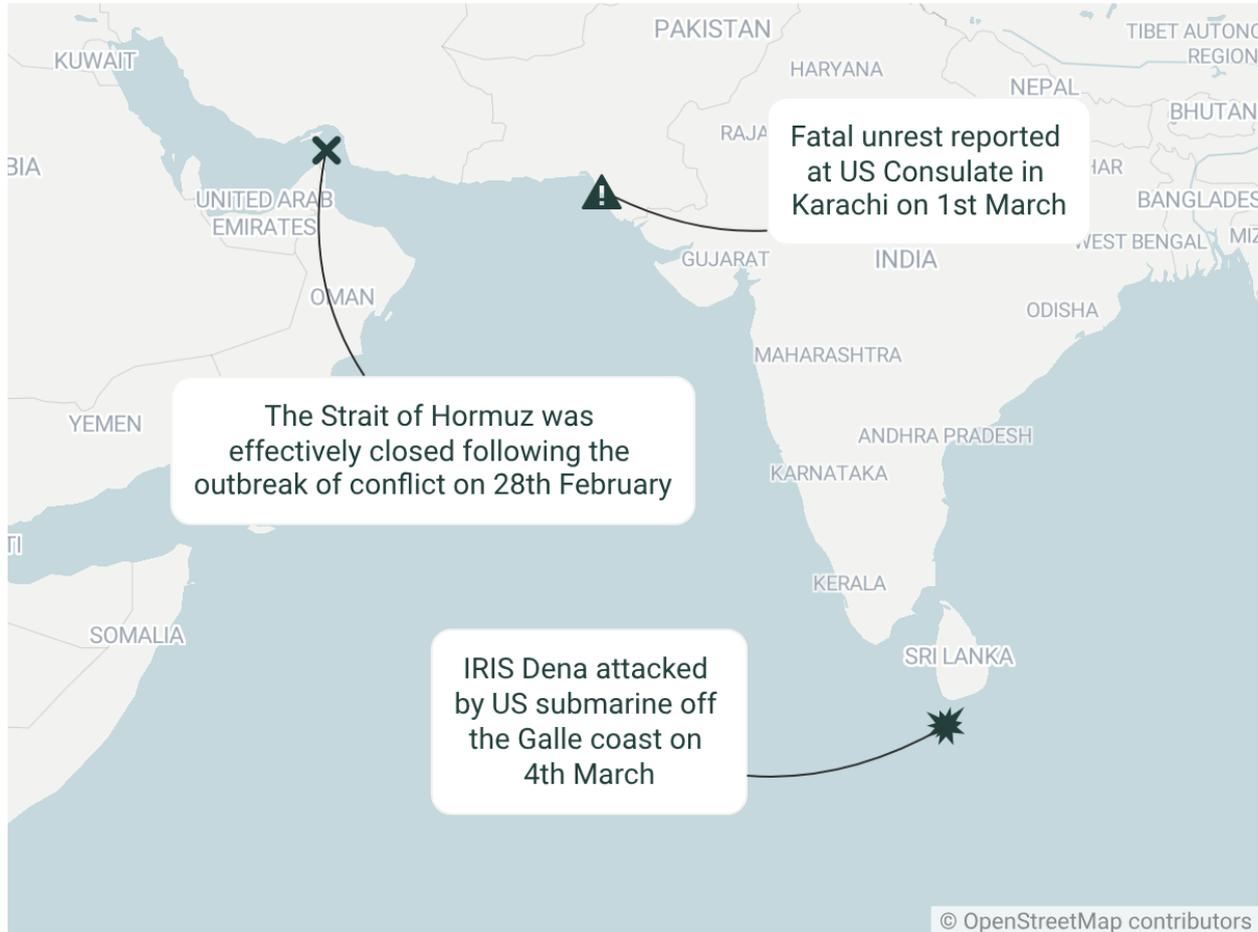
**Fuel-related measures from regional governments\***

<b>Country</b>	<b>Restriction(s)</b>	<b>Operational Trend</b>
<b>Bangladesh</b>	Emergency measures were introduced on 9 <sup>th</sup> March to conserve fuel and electricity, which included the closure of all universities. Daily limits on fuel sales are in-effect.	<b>DETERIORATING</b>
<b>China</b>	The government requested the suspension of fuel exports and demanded that new contracts be halted.	<b>STABLE</b>
<b>Japan</b>	The government announced oil reserves would be released on 11 <sup>th</sup> March, the first time this has been done unilaterally since the national oil reserve system was established in 1978.	<b>STABLE</b>
<b>Indonesia</b>	Greater fuel subsidies have been allocated to the state budget.	<b>STABLE</b>
<b>Myanmar</b>	Fuel rationing measures were in effect from 7 <sup>th</sup> March. Private vehicles are impacted, with even-numbered plates permitted to drive on even dates, and odd-numbered plates on odd dates.	<b>DETERIORATING</b>
<b>Pakistan</b>	Several measures were introduced from 9 <sup>th</sup> March, including school closures, fuel caps and travel restrictions and shortened work weeks for government officials.	<b>DETERIORATING</b>
<b>Philippines</b>	A shorter work week for some government officials was introduced on 9 <sup>th</sup> March.	<b>DETERIORATING</b>
<b>South Korea</b>	Domestic fuel prices have been capped for the first time in three decades.	<b>STABLE</b>
<b>Thailand</b>	Several measures were introduced for government officials on 10 <sup>th</sup> March. This includes WFH for government officials in some services. Petrol station closures and fuel shortages reported across the country.	<b>DETERIORATING</b>
<b>Vietnam</b>	WFH recommended by the authorities on 9 <sup>th</sup> March. Import fuel tariffs removed until end of April. Warnings against hoarding and fuel speculation issued. The fuel price stabilisation fund was opened on 10 <sup>th</sup> March.	<b>DETERIORATING</b>

\* The above table is not exhaustive of the full restrictions issued for the region and is liable to change at short notice

# Notable security developments

---



Created with Datawrapper

## Unrest & terrorism risks

---

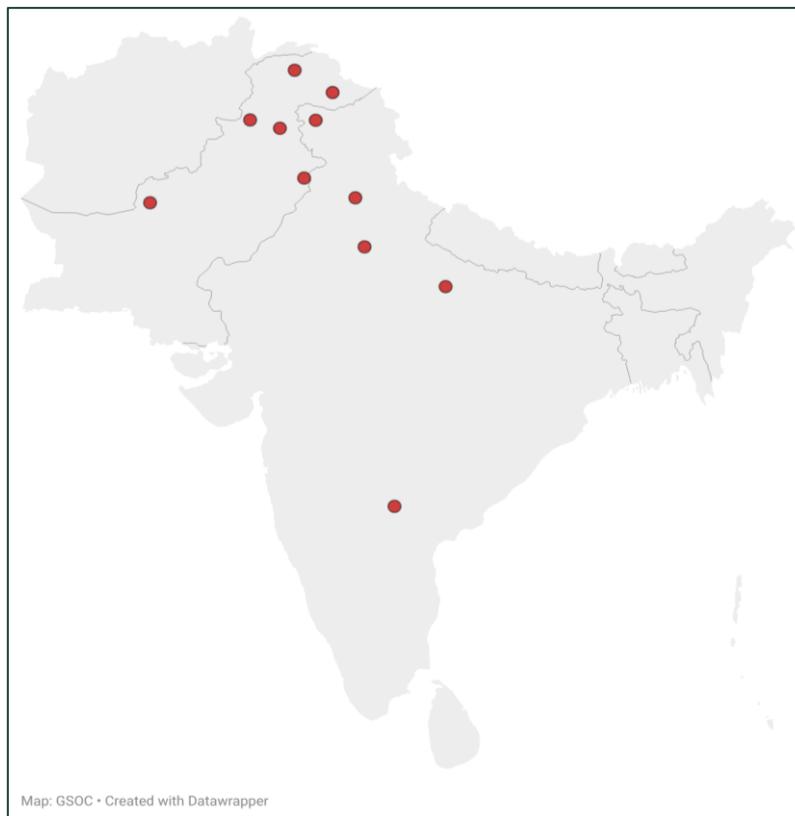
**Conflict related protests have been organised across the region, including in Australia, Bangladesh, Malaysia, New Zealand, Philippines and South Korea.**

Turnouts vary depending on location but can be well attended and increase the risk of localised disruption. The majority of protests occur peacefully and pose low security risks to bystanders. Flashpoint locations include US, Iranian and Israeli diplomatic missions, as well as UN facilities. Further protests are highly likely to continue in March while the conflict is ongoing.

## Unrest since the start of the conflict demonstrates the elevated risk of violence in some areas.

Unruly demonstrations occurred in several parts of India and Pakistan since 28<sup>th</sup> February after Shia mourners mobilised in support of Iran. A demonstration outside the US Consulate General in Karachi on 1<sup>st</sup> March devolved into fatal violence when security personnel opened fire on the protesters, killing at least ten. Similar anti-US protests took place on the same day in Islamabad, Lahore, Peshawar and Quetta, the former of which devolved into fatal violence. The Pakistani authorities imposed a curfew in Skardu (Gilgit-Baltistan region) after reporting anti-US riots in which rioters reportedly attacked a UN facility. In India, demonstrations have reportedly taken place in Jammu and Kashmir union territory – where the authorities have imposed a curfew – as well as the cities of Chandigarh, Delhi, Hyderabad and Lucknow.

### Sites of demonstrations in India and Pakistan following the death of Ayatollah Ali Khamenei on 28<sup>th</sup> February



## The conflict could indirectly challenge some governments to contain anti-government sentiment.

The forecast effects on regional economies and the availability of supplies risk driving a rise in public agitation in the coming months. Multiple recent anti-government protest movements in the region have been partially influenced by frustration over socio-economic conditions, the rising cost of living and perceived mismanagement of the economy. Additional economic pressure generated by the conflict could lead to further anti-government protests and political instability.

**The terrorism risk has slightly increased due to the conflict.**

Tensions and conflict in the Middle East have previously acted as drivers for terrorist activity – the Bondi Beach terrorist attack on 14<sup>th</sup> December was motivated by Islamist and antisemitic intent. Places of worship are possible targets due to religiously motivated attacks, as well as US, Israeli and Iranian sites. However, it is worth noting no countries have upgraded their terrorism threat levels since the conflict commenced, suggesting an attack in APAC is not assessed as imminent. Lone wolf attacks with unsophisticated weaponry remain the most likely typology to impact most countries in the region.

**Advice:**

- Anticipate further protests while the conflict is ongoing. Identify planned protests and adapt journey plans to mitigate against incidental risks.
- Strictly bypass flashpoint locations as a security precaution, such as places of worship and US/Israeli/Iranian diplomatic missions.
- Ensure overland travel routes are permissible before commencing journeys.
- Closely monitor developments linked to the ongoing conflict due to the potential impact on public agitation and terrorism risks.
- Maintain vigilance to the heightened terrorism risk and abide by official directives issued by the local authorities, particularly if national threat levels increase.
- Adopt politically neutral stances on the conflict where possible.

# Conflict spillover & geopolitical shifts

**While the direct involvement of any APAC country in the conflict remains highly unlikely, the recent strikes near Sri Lanka highlight the growing scope of the conflict.**

A US submarine sank the Iranian Navy frigate IRIS Dena off the coast of Sri Lanka on 4<sup>th</sup> March, causing over 80 fatalities. The US claims the attack took place outside of Sri Lanka’s territorial waters, around 40 nautical miles (75km) from Galle. The Dena was participating in the Indian-led Milan exercise and the 2026 International Fleet Review hosted in Visakhapatnam. Sri Lanka later transferred 204 crew members of the IRIS Bushehr to Colombo on 5<sup>th</sup> March, while India permitted the IRIS Lavan to dock in Kochi on 4<sup>th</sup> March following the attack. Sri Lanka remains neutral, but the position of other countries will be tested as the conflict persists.

## Conflict-related developments around India and Sri Lanka



Created with Datawrapper



Source: [US Department of War](#)

**Pakistan is watching the conflict closely due to the war's potential impact.**

One of Pakistan's main concerns is that a prolonged war may contribute to internal instability in Iran, which may impact the security situation in Balochistan province. Baloch separatists linked to the People's Fighters Front (PFF) militant group – a recent merger of several Baloch militias – have been engaging the Iranian state in a longstanding conflict. In the unlikely event that they gain control over parts or all of Iran's Sistan-o-Baluchestan province, they will probably enhance their support to Baloch insurgents in Pakistan.

Pakistan is already experiencing a significant oil shock due to the war and remains at risk of having to participate in the conflict due to its border with Iran and militancy in Balochistan. The country's defence pact with Saudi Arabia is another key factor, as it compels Pakistan to offer defensive services to Saudi Arabia should the Kingdom come under threat.

**China is highly unlikely to intervene in the conflict despite its close relationship with Iran, which will limit the extent of conflict overspill affecting APAC.**

Despite condemnation of the joint US-Israeli strikes and exposure to energy supply shocks, China has not come to Iran's aid or provided material support. So far, China's activity has been limited to evacuations of nationals and sending an envoy for mediation purposes. Inaction is most likely driven by Beijing's historic reluctance to directly intervene in global events, the need to balance its relationships with the Gulf states, and growing apathy towards the Iranian government. Trump's visit to China in late-March may also be at the forefront of China's approach, with a reluctance to avoid antagonising the US given the bilateral relationship has recently thawed. China's focus will be on diplomacy and securing access to critical oil and gas supply, similarly to its response to the US' military operations in Venezuela in January – the risk of direct intervention will increase if China's access is threatened for a longer term.

**The US' military operations in the Middle East will draw attention away from APAC, raising further doubts about US commitment to the region.**

The Trump administration has heavily focused on solidifying US power in the Western Hemisphere and Middle East, demonstrated by major military operations in Venezuela and Iran over recent months. Confidence in the US' role in the APAC region has waned in recent years, especially as China becomes increasingly assertive and redefines geopolitical relationships. China will likely use the situation to cast the US as an irresponsible power while simultaneously portraying itself as a supporter of a rules-based international order. Perceived inattention and inconsistency will raise concerns among US allies and partners, especially Taiwan, who relies on US military support to deter an attack from China. For example, reports suggest the US is redeploying weapons systems from South Korea towards the Middle East despite ongoing joint military exercises.

**Regional cybersecurity postures are highly likely to be challenged by the conflict if supply chains are linked to the Middle East.**

There has been a reported uptick in malicious online content linked to the conflict, including disguised malware, Distributed Denial-of-Service attack (DDoS) and phishing attacks. State-backed groups pose the greatest threat, particularly Iran-based actors. Some attacks are coordinated by 'hacktivist' groups using the conflict to promote a certain cause and conflict narrative. Most cyber attacks occur in the Middle East, but there is a credible risk of spillover causing collateral damage in the APAC region over the coming weeks.

## Advice

- Closely monitor geopolitical developments and regularly evaluate possible risks to your organisation.
- Review business continuity and emergency plans to account for these risks and strengthen resiliency to global shocks.
- Embed intelligence teams and geopolitical analysis into assessment around business continuity and supply chain reviews.
- Assess cyber security postures and external attack surfaces, and ensure protocols are in place to strengthen IT systems if vulnerabilities are identified.

At Healix, we work with organisations to proactively mitigate risks before they happen and expertly manage them when they do, protecting your people, organisations and assets wherever they are.

Discover more about how we can support you

[GSOC@healix.com](mailto:GSOC@healix.com)  
[www.healix.com](http://www.healix.com)



**Contact Us**  
[enquiries@healix.com](mailto:enquiries@healix.com)  
+44 (0)20 8481 7720  
[healix.com](http://healix.com)

**Head Office**  
Healix International  
Healix House, Esher Green  
Esher, Surrey, KT10 8AB  
United Kingdom

Copyright © 2026 Healix International – All rights reserved.

Please contact Healix directly for detailed, up-to-date information regarding country-specific security and medical risks.