MARITIME LAW & TRADE — LEGAL BRIEF

The Strike That Turned a *Shipping Lane* into a Fault Line: Is this the Resurgence of the Suez Canal Issue?

A legal briefing for shipping, energy and trade stakeholders

March 2026

There is a strip of water so narrow you could cross it by car in under half an hour. Yet that corridor now holds global energy flows, freight schedules and contractual risk on a knife's edge. The Strait of Hormuz, just 21 nautical miles wide at its narrowest point, is the route through which Gulf producers move a substantial share of the world's traded oil and gas to market. International analysis has long treated such maritime chokepoints as systemically critical: when they seize up, global trade and freight economics can be reshaped overnight.

On 28 February 2026, a coordinated US–Israeli strike on Iranian nuclear and command infrastructure turned that long-predicted risk into a real-time stress test. Iran's response was immediate: waves of drones and ballistic missiles across the Gulf region, and an announcement by the Islamic Revolutionary Guard Corps (IRGC) that the Strait of Hormuz was "closed" to commercial traffic, with explicit threats against vessels attempting transit. Within days, major LNG production at Ras Laffan had halted under attack, Qatar's state exporter had issued sweeping force majeure notices on LNG supply, and the world's largest container and tanker operators had suspended Gulf transits rather than send ships through a live-fire corridor.

For lawyers in shipping, commodities and project finance, this is more than a geopolitical crisis. It is a live laboratory for doctrines that usually live in textbooks and boilerplate: the legal status of an 'international strait', the boundaries of force majeure, the exceptional nature of frustration, and the allocation of war and route risk in charterparties and long-term sale contracts.

01 — BACKGROUND

Shipping Industry Reaction

The Strait of Hormuz is the world's most significant maritime chokepoint. At its narrowest, it measures just 21 nautical miles across — yet through this corridor flows a substantial share of the world's traded oil and gas. In 2024, roughly 20 million barrels of crude oil and petroleum products transited it daily, representing approximately 20 percent of global petroleum liquids consumption and more than one quarter of all seaborne oil trade.

On 28 February 2026, US and Israeli forces launched coordinated strikes on Iran, targeting nuclear infrastructure, military command centres, and senior leadership. Iran's response was immediate. Waves of drones and ballistic missiles struck targets across the Gulf region — Israel, Qatar, Bahrain, the UAE, and US military facilities — and the Islamic Revolutionary Guard Corps (IRGC) announced that the Strait of Hormuz was "closed" to commercial traffic, with explicit threats against vessels attempting transit.

Within days, major LNG production at Ras Laffan had halted under attack, Qatar's state exporter had issued sweeping force majeure notices on LNG supply, and the world's largest container and tanker operators had suspended Gulf transits rather than send ships through a live-fire corridor. Automatic Identification System (AIS) tracking services showed that 250+ vessels in the surrounding area were idling or turning back. The practical effect was immediate: a de facto closure, enforced not by law but by live military threat.

Under Article 38 of UNCLOS, vessels enjoy an absolute right of transit passage through international straits. Iran cannot lawfully close the Strait of Hormuz — and its unilateral declaration carries no legal effect. But no legal instrument can open a shipping lane under active military threat. The legal right of passage exists. The practical ability to exercise it, as at 10 March 2026, does not. The Suez Canal crises of the 1950s and 1960s presented a structurally similar problem: a waterway legally open but practically impassable. The English courts' answers then — particularly on force majeure and frustration — are precisely the doctrines now being stress-tested in real time.

153 to 13	$114	20%
Daily tanker transits, before and after	Brent crude per barrel, 6 March 2026	of global daily oil supply, now effectively halted Source: US EIA, June 2025 data

02 — FORCE MAJEURE

Force Majeure: When Does War at a Chokepoint Excuse Performance?

In charterparties and long-term LNG or commodity sale agreements, force majeure clauses are the primary contractual tool for reallocating risk when extreme events strike. Comparative analyses emphasize three common elements:

- A hindrance beyond the affected party's reasonable control;
- Non-foreseeability of that hindrance at the time of contracting; and
- An inability to avoid or overcome its effects by reasonable means.

Lists of presumed force majeure events often include war, hostilities, invasions, blockades, and warlike operations, sometimes alongside terrorism and acts of government. The present conflict has tested this clause in real time. Kuwait Petroleum Corporation's force majeure notice is explicitly tied to the inability to export crude through Hormuz.

Why force majeure is often not enough

Despite the dramatic facts, not every case fits comfortably within force majeure wording. Courts frequently conclude that performance was not "prevented" if it remained physically possible to perform via alternative routes (e.g., the Cape of Good Hope), notwithstanding cost and delay. The key doctrinal message from that line of authority (in which *Tsakiroglou & Co Ltd v Noblee Thorl GmbH* is usually highlighted) is that a change of route and an increase in freight economics will not, without more, convert the contractual adventure into something "radically different" in law. If a charterparty allows loading or discharge at ports outside the Gulf, or expressly contemplates alternative routes, it will be very hard to argue that the closure of the Strait would frustrate the contract. In short, the fact that a war is ongoing, even at a chokepoint, does not by itself guarantee force majeure relief. Everything turns on how the clause is drafted and applied to the specific disruption.

Frustration: When Is the Contract Itself Discharged?

When contracts lack effective force majeure or war-risk clauses or where such clauses do not cover the actual event, parties often turn to the doctrine of frustration. Under English law, frustration discharges a contract where a supervening event makes performance impossible, illegal, or commercially 'radically different' from what was agreed.

Classic Suez-closure cases are central to this analysis. English courts held that closing the Suez Canal did not frustrate contracts where goods could still be shipped via the Cape, even though the voyage became longer and more expensive; performance was not "radically different" in a legal sense.

- If a charterparty allows loading or discharge at ports outside the Gulf, or expressly contemplates alternative routes, it will be very hard to argue that the closure of the Strait would frustrate the contract.

- Frustration becomes more arguable where vessels are trapped for substantial periods with no realistic alternative performance and no contractual guidance on who bears the risk, particularly in short-term or voyage-specific arrangements.

For long-term contracts, even prolonged disruption may be seen as a temporary supervening event that the parties must weather within the broader commercial adventure, rather than as something that destroys the basis of the bargain.

India: Particular Exposure and Applicable Law? 🇮🇳

→ Approximately 50 percent of India's crude oil imports transit the Strait of Hormuz. Downstream impact extends to fertilisers, aviation fuel, petrochemicals, and LPG (Kpler, February 2026; The Print, 10 March 2026).

→ Approximately 54 percent of India's LNG supply originates from Qatar and the UAE via this corridor. Petronet LNG issued force majeure notices to QatarEnergy and its domestic offtakers including GAIL, IOCL, and BPCL on 3 March 2026. GAIL confirmed allocations reduced to zero from 4 March 2026.

→ Cascading force majeure notices are now flowing downstream to industrial buyers of gas, ceramics, chemicals, and fertilisers. Recipients should assess the validity of notices received and their own downstream obligations independently.

- → India's operational crude reserves cover approximately 20 to 25 days of consumption. The 74-day figure cited in government communications includes commercial inventories and is not a reliable operational planning figure (Kpler inventory analysis, March 2026).
- → Under Section 56 of the Indian Contract Act 1872, the doctrine of frustration requires genuine impossibility of performance. Increased cost of performance — including rerouting costs — does not ordinarily meet this threshold. Where a specific force majeure clause exists, that clause governs and displaces the Section 56 analysis.

03 — PRACTICAL LEGAL TAKEAWAYS

Practical Legal Takeaways for Those in Shipping and Trade

For industry participants watching Hormuz and thinking about legal risk, several doctrinal messages stand out:

1 **Your clause means exactly what it says — nothing more**

Under English, Singaporean, and US law, force majeure is what you write, not what you wish you had written. If war, sanctions, Suez/Hormuz closure, or similar events matter to your business, they need to be expressly and carefully drafted into the clause.

2 **War-risk and safe-port provisions do real legal work in Hormuz scenarios**

In charterparties, war-risk clauses and safe-port warranties are often decisive in Hormuz-type situations, determining whether owners can refuse orders or insist on alternative routing when threats escalate.

3 **Frustration doctrine has a high threshold — inconvenience won't clear it**

Whether labelled frustration, impossibility, or impracticability, or treated as statutory force majeure, courts generally look for situations where performance is truly impossible, or the contract's commercial purpose has collapsed — not simply where margins have evaporated, or voyages have become longer.

4 **Pre-existing volatility can collapse your force majeure argument before it starts**

For long-term deals signed against a known backdrop of Middle East volatility, courts may treat escalations as within the spectrum of assumed risk, narrowing the scope for both force majeure and frustration — especially if the contract did not actively allocate these risks.

> *In essence, the crisis at the Strait of Hormuz has not changed the core legal principles but has tested them in a very visible way. It highlights an important reality for the shipping and commodities industry. In a geopolitically unstable environment, legal outcomes depend less on global events and more on the specific wording of force majeure, war-risk, and route-risk clauses that were negotiated in contracts long before the crisis occurred.*