

# GLOBAL RISK FORUM

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**WP**  
OF WICKED PROBLEMS

## STRATEGIC IMPLICATIONS OF THE US - ISRAEL - IRAN CONFLICT

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# EXECUTIVE SUMMARY

This Special Edition report has been compiled in response to recent sessions of the Institute of Strategic Risk Managements 'Global Risk Forum'. These sessions are held twice a week and are attended by strategic risk management thought leaders from across the world. At times of polycrisis, the ISRM produce special edition reports to help advise senior leaders across Governments, organisations and academic institutions, make informed decisions regarding their risk strategy planning for the future.

The early months of 2026 have been marked by heightened geopolitical volatility and a renewed phase of strategic uncertainty. Recent developments have intensified these concerns, with escalating conflict involving Israel, the United States and Iran drawing significant international attention. Coordinated military actions, including targeted strikes on the Iranian leadership and military infrastructure, have triggered retaliatory responses across the Gulf region, raising fears of broader regional destabilisation and potential global repercussions.

These developments illustrate the unpredictable nature of high-intensity interstate confrontation and highlight the complex network of alliances, deterrence strategies and regional power dynamics shaping the current security environment. While some international actors have expressed caution and emphasised de-escalation, others continue to monitor the situation closely as the risk of further escalation remains present.

Against this backdrop, the Global Risk Forum examined the evolving crisis within a broader strategic context. The discussion focused on the underlying drivers of the confrontation, the strategic calculations of the principal actors involved and the potential trajectories of the conflict. Particular attention was given to the interaction between regional objectives, international security commitments and policy doctrines that continue to influence patterns of military and political engagement in the Middle East.

By situating current developments within wider geopolitical trends, the session sought to provide a structured assessment of emerging risks and to support informed analysis of their implications for regional stability and the international security landscape.





## GEOPOLITICAL AND STRATEGIC DYNAMICS OF THE US – ISRAEL – IRAN CONFLICT

The conflict involving the United States, Israel and Iran is being interpreted through multiple strategic and geopolitical lenses, extending far beyond immediate military engagements. The absence of a clearly defined political objective behind the current hostilities complicates understanding both the rationale for action and potential end states. Public confusion and mixed narratives further confusing strategic clarity. From a broader geopolitical perspective, the confrontation is viewed not only in regional terms but also as part of larger global power dynamics. The relationship between the United States and Israel reflects longstanding strategic interests in maintaining regional influence and countering rival powers. In this context, efforts to diminish Iran's capacity to project force and influence may align with broader U.S. strategic aims of maintaining its position in West Asia and limiting access by competitors to critical energy resources and trade routes.

The conflict's regional ramifications are already manifesting through disrupted global energy markets and heightened risks to strategic infrastructure, including critical shipping chokepoints such as the Strait of Hormuz, through which an estimated 20% of global oil supplies pass. Closure or disruption of this route has pushed energy prices significantly higher, underscoring global dependency on stable Middle Eastern energy supplies.

Some strategic assessments suggest that rather than seeking rapid regime change, current actions may aim to degrade Iran's military capabilities and limit its ability to project power externally, potentially leaving the state weakened and focused on internal survival. Such an outcome would reflect a long term effort to contain rather than entirely overturn Iran's political structure.

Overall, the conflict illustrates complex interplay between regional strategic competition and economic pressures, with uncertainty about objectives and endgames contributing to heightened geopolitical risk.

## **REGIONAL ESCALATION AND STRATEGIC MISCALCULATION IN THE MIDDLE EAST**

From open-source intelligence analysis, many experts had anticipated this conflict to start. Signs suggested that a major clash involving Iran was becoming more and more likely even before the first attacks happened. Initial expectations among some Western analysts appear to have assumed a relatively short and contained military campaign. Instead, Iran has demonstrated a broader operational reach than anticipated, deploying missiles and drones while expanding retaliatory actions across multiple states in the Gulf region. Several countries hosting U.S. military assets—including Qatar, Kuwait, Bahrain and the United Arab Emirates—have experienced attacks or attempted strikes as part of Iran’s response.

The evolving regional dynamics also suggest a shift in political alignment. While many Gulf states publicly expressed opposition to the outbreak of war, the conflict has contributed to increased coordination among regional governments concerned about the implications of Iranian military activity. This emerging pattern bears similarities to the consolidation of European support for Ukraine following Russia’s invasion, where external aggression accelerated regional cooperation.

Overall, the conflict presents a complex strategic environment with both risks and countervailing dynamics. The duration of hostilities remains uncertain, though assessments suggest the conflict could persist for an extended period, with its conclusion likely tied to the achievement of strategic objectives by the principal actors involved.

## **OPERATIONAL REALITY AND ESCALATION RISKS IN THE GULF**

Operating within a critical infrastructure environment and in coordination with national security stakeholders, observations indicate that the early stages of the conflict involved multiple missile interceptions conducted by allied air defence systems, including cooperation between Qatari forces and international partners. Several interceptions occurred in close proximity to populated areas, underscoring the immediacy of the threat during the initial phase of hostilities.

Despite these incidents, daily life within the region has largely continued, suggesting a contrast between operational realities on the ground and the intensity of some international media portrayals. While the situation remains serious, local populations and institutions have largely maintained routine activities, demonstrating a degree of resilience and operational continuity.

However, concerns remain regarding broader security preparedness and crisis response mechanisms, particularly in relation to travel security management and consular support. Reports indicate that some foreign nationals have encountered difficulties obtaining timely evacuation or travel assistance, highlighting uneven levels of preparedness among different governments and organisations.

Beyond immediate security concerns, the conflict also carries significant geopolitical and economic implications. Disruptions in maritime traffic near the Strait of Hormuz, rising fuel prices and the involvement or potential involvement of additional regional actors raise the possibility of wider escalation. The speed at which the situation has developed suggests that many governments and institutions may have underestimated both the pace of escalation and the scale of potential global impacts.

# STRATEGIC AND LEGAL CONCERNS SURROUNDING THE IRAN CONFLICT

From a weapons of mass destruction and nuclear non-proliferation standpoint, available assessments suggest that there was no immediate change in Iran's nuclear posture that would indicate an urgent or imminent threat at the time military operations began. Moreover, the stated justification for intervention appears to have shifted, contributing to growing confusion about the objectives and strategic intent of the operation.

From an international law perspective, the scale and nature of the military engagement meet widely accepted criteria for armed conflict, regardless of the terminology used by political leadership. Under the framework of the Geneva Conventions, such hostilities would generally be treated as war, placing obligations on the parties involved under established laws of armed conflict.

Concerns have also been raised about the lack of clearly articulated goals and public communication regarding the purpose of the intervention. Historical precedents, including previous conflicts in the Middle East, demonstrate the importance of transparent strategic objectives to maintain national and international support. The presence of disinformation and inconsistent messaging has further complicated public understanding of the situation.

**THE INTERVENTION LACKS  
CLEAR JUSTIFICATION  
AND STRATEGY, RAISING  
LEGAL CONCERNS  
AND RISKING A WIDER,  
HARD-TO-CONTROL  
REGIONAL CONFLICT.**

Military experts have long warned that a direct war with Iran would be complicated and hard to control. Because of this, governments have usually preferred limited actions or indirect involvement instead of a large military confrontation. Recent events suggest the conflict could spread across the region, especially as Iran has carried out retaliatory actions in several countries.

At the same time, political factors at wider global politics could affect how the conflict develops and how long it lasts. Economic pressure, the number of casualties and the relationship between U.S. leaders and key partners in the region will likely influence future decisions and whether efforts to reduce tensions succeed.



## STRATEGIC UNCERTAINTY OVER IRAN'S NEXT MILITARY MOVE

Discussions among security and policy professionals suggest growing speculation about Iran's potential strategic posture in the current conflict. One emerging viewpoint is that Iran may adopt a defensive strategy in the short term, conserving resources and waiting to assess the scale of incoming military pressure before launching a more substantial retaliatory response. This perspective is based on the assumption that Iran has been preparing for such a confrontation over an extended period, potentially stockpiling munitions and defensive capabilities.

Another element influencing these discussions is the perceived role of China as a potential indirect supporter through supply chains or strategic alignment. However, this assumption raises significant questions regarding China's broader economic interests. Any prolonged disruption to maritime traffic through the Strait of Hormuz would have serious implications for global energy flows, including supplies critical to China's economy.

As a result, analysts are debating whether China would tolerate sustained instability that threatens such vital trade routes, or whether economic pressures might constrain Iran's operational freedom over time. These uncertainties highlight the complex interplay between regional military dynamics and global economic dependencies, leaving the trajectory of the conflict highly unpredictable.

## STRATEGIC FORESIGHT AND LONG-TERM IMPLICATIONS OF MIDDLE EAST INSTABILITY

The ongoing Middle East conflict, marked by the U.S.-Israeli attacks on Iran and subsequent regional retaliations, reflects a historically recurrent pattern of disruption. Beyond immediate humanitarian and economic impacts, including civilian displacement and energy market volatility, the situation presents strategic challenges extending over six months to several years.

Historical parallels—from Iraq and Libya and the Arab Spring—highlight recurring approaches, where aggressive military strikes targeting governance and infrastructure followed by limited engagement in reconstruction, often leaving states destabilised and vulnerable. Current events suggest that Iran may be managed through a combination of economic, political and strategic pressures aimed at weakening its regional influence while constraining its domestic governance capacity.

Long-term implications encompass not only humanitarian crises but also broader economic and geopolitical shifts. These include global energy security risks, altered trade routes and the potential recalibration of alliances across the Gulf and beyond. Effective foresight and scenario planning are critical to anticipating future disruptions and mitigating cascading regional and international consequences.



# LONG-TERM SECURITY RISKS AND THE RISE OF TERRORISM POST-CONFLICT

The ongoing conflict in the Middle East carries the potential to create lasting regional instability, with repercussions likely to extend for generations. Historical comparisons to Iraq, Libya, Afghanistan and Syria suggest that large-scale military interventions can produce prolonged power vacuums, weakened state structures and conditions conducive to the growth of extremist and terrorist networks.

If regime change occurs, Iran may experience significant political and social disruption. This situation could provide opportunities for non-state actors to expand their influence and exploit instability. These dynamics could accelerate acts of terrorism and organised violence, both within the region and beyond, as has already been witnessed in Europe and the U.S..

Additionally, uncertainty and fear are influencing private sector decision-making and public perception globally. Misinterpreted media coverage and fragmented information contribute to global anxiety, underscoring the importance of informed analysis, coordinated intelligence and expert engagement to mitigate the cascading effects of conflict on security, economies and societal stability.

**THE CONFLICT RISKS  
LONG-TERM INSTABILITY,  
EMPOWERING EXTREMIST  
ACTORS AND AMPLIFYING  
GLOBAL SECURITY  
AND ECONOMIC  
UNCERTAINTY.**



# ESCALATING MIDDLE EAST CONFLICT JOLTS GLOBAL ECONOMY

The escalating conflict involving the United States, Israel and Iran is generating widespread global disruption, particularly through rising oil prices, increased transportation costs and growing economic uncertainty resulting in rising inflation and interest rates. These developments are affecting both developed and developing economies, with energy market volatility contributing to higher living costs worldwide.

Countries with significant overseas labour populations in the Gulf region face additional risks. Economies that rely heavily on remittances from workers in states such as Qatar, Saudi Arabia and the United Arab Emirates are particularly vulnerable to instability in the region.

Any disruption affecting employment conditions, mobility or financial transfers from these workers could create substantial economic pressure on their home countries.

The conflict is also influencing global aviation routes and logistics networks. Airspace restrictions and operational disruptions at major regional hubs have forced airlines to reroute flights, increasing travel times and costs for passengers and cargo. Such developments contribute to broader uncertainty within global mobility and supply chains.

At the geopolitical level, concerns are growing about the potential expansion of hostilities through proxy engagements and retaliatory strikes involving additional regional actors. While military assurances have been issued regarding the protection of critical maritime routes such as those near the Strait of Hormuz, uncertainty persists regarding the long-term stability of energy supply chains.

Diplomatic efforts, including calls for de-escalation from international institutions, highlight the urgency of preventing further escalation. However, the rapidly evolving nature of the conflict and the spread of conflicting information continue to fuel speculation about the potential for broader regional confrontation and its global implications.



**THE CONFLICT IS DRIVING GLOBAL ECONOMIC STRAIN, SUPPLY CHAIN DISRUPTION AND GEOPOLITICAL RISK, WITH POTENTIAL FOR WIDER REGIONAL ESCALATION.**

## MARKET REACTIONS AND ECONOMIC IMPLICATIONS OF ESCALATING CONFLICT

The outbreak of conflict has generated immediate volatility in global financial markets with oil prices and gold rising sharply in response to heightened uncertainty. However, current market forecasts do not anticipate sustained price increases comparable to those seen during the early stages of the war in Ukraine. This outlook is partly attributed to Iran's limited export markets, which are concentrated among a smaller group of trading partners, including China and Russia.

A key determinant of market stability will be the continuity of maritime shipping routes in the Gulf region. If major export channels remain operational, energy producers such as Qatar and Saudi Arabia are expected to maintain their gas and oil exports, thereby limiting prolonged supply disruptions.

At the same time, broader economic pressures are emerging from renewed trade tensions, including the reintroduction of U.S. tariffs at a rate of 15 %. These measures are likely to increase global trade friction and raise production and consumer costs, contributing to rising living expenses across multiple economies.

In the United Kingdom, such inflationary pressures could constrain the ability of the Bank of England to reduce interest rates, potentially dampening economic growth or even necessitating rate increases if inflation persists. Historical comparisons highlight the significance of sustained energy price shocks, particularly the oil crisis of the 1970s, which had profound economic consequences. While current market conditions do not yet indicate a comparable scenario, the trajectory of energy prices remains a key factor in assessing the broader economic impact of the conflict.

## TRAVEL SHOCKWAVES THREATEN REMOTE ECONOMIES

The rapidly evolving conflict in the Middle East is generating significant concerns regarding international travel and global trade flows, particularly for geographically remote economies. One immediate issue involves large numbers of international travellers transiting through Middle Eastern countries. This situation is negatively affecting travellers, particularly those starting their journey in Europe and heading to the APAC region. The conflict raises the prospect of disrupted routes and the need to facilitate the return of displaced passengers.

Beyond travel, the conflict is expected to have broader implications for global shipping and logistics. Previous regional conflicts have demonstrated how instability in the Middle East can disrupt maritime routes, increase shipping costs and delay cargo movements. For economies heavily dependent on maritime trade, especially those located far from major markets, these disruptions present substantial risks.

New Zealand's export sector, which relies largely on primary production and international shipping, may face rising transportation costs and logistical bottlenecks. Container availability—previously a significant constraint during earlier global disruptions—could again become an issue if shipping networks experience prolonged delays.

Additionally, rising oil prices are likely to increase operational costs for airlines and freight carriers, contributing to higher transportation and travel expenses. While many of these economic effects may take several weeks to fully materialise, the potential for cascading impacts across trade, logistics and consumer costs remains a significant concern.

## GULF GROWTH HINGES ON MIGRANT WORKERS

The ongoing conflict in the Middle East highlights the significant economic interdependence between Gulf states and the global migrant workforce. Economies across the region rely heavily on foreign labour, with expatriate workers forming the majority of the population in several Gulf countries. In Qatar, for example, a relatively small national population is supported largely by millions of foreign workers who play a critical role in sustaining infrastructure, services and economic development.

This labour structure has broader international implications. Large expatriate communities—including workers from the Philippines, Nepal, India and other countries—send substantial remittances back to their home economies. For some countries, these remittances represent a vital source of national income, sustaining households and promoting economic stability.

Any disruption caused by regional conflict—such as large-scale evacuations, employment interruptions or restrictions on mobility—could generate far-reaching consequences beyond the Middle East. The sudden return of migrant workers could place economic pressure on their home countries while simultaneously disrupting critical labour sectors within Gulf economies.

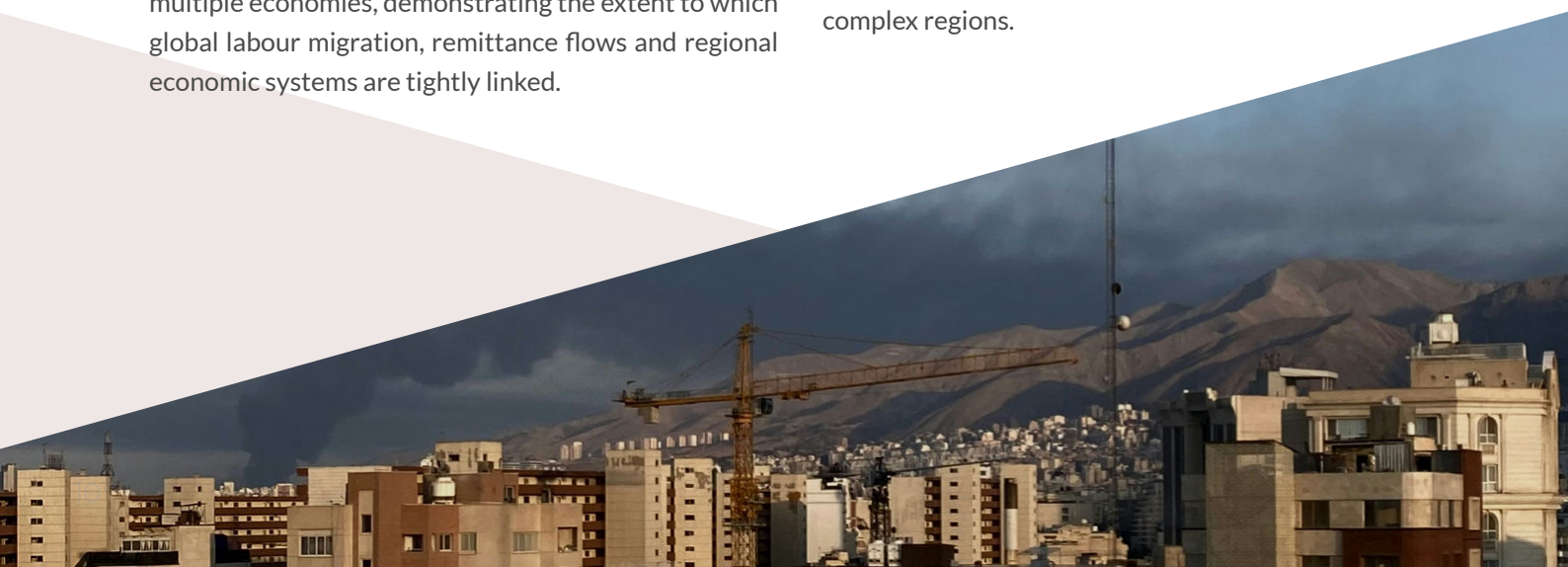
These interconnected dynamics illustrate how regional instability can rapidly produce cascading effects across multiple economies, demonstrating the extent to which global labour migration, remittance flows and regional economic systems are tightly linked.

## CIVILIAN PERSPECTIVES AND OPPOSITION TO ARMED CONFLICT

The current Iranian regime is widely regarded as oppressive, outdated and increasingly disconnected from the aspirations of younger generations seeking freedom and opportunity. While criticism of the government is strong, there is a pervasive and principled opposition to military intervention, reflecting deep concerns about the human, economic and social costs of war. Historical experiences, such as the NATO bombing of Yugoslavia in 1999, highlight the disproportionate consequences of armed conflict, including civilian casualties, widespread infrastructure destruction and long-term economic collapse, often with limited strategic gains.

Among expatriate communities, particularly in Belgrade, Serbia, these concerns are amplified. Members of the Iranian diaspora express frustration and anger at both the regime's policies and the broader geopolitical actions that threaten stability. The prevailing sentiment is clear: support for the Iranian people exists, but there is no endorsement of military action as a solution. Instead, emphasis is placed on dialogue, resilience and the need to prioritise humanitarian considerations, reflecting a broader understanding that war often exacerbates the very challenges it seeks to resolve.

This perspective underscores the importance of factoring civilian sentiment and historical lessons into any policy or strategic planning, particularly when considering interventions in politically and socially complex regions.



# HEIGHTENED SECURITY CONCERNS AMID RISING GEOPOLITICAL TENSIONS IN THE U.S.

The session highlighted growing public anxiety and increased vigilance in the United States, as international tensions escalate. Observations from security operations in the New Jersey–New York metropolitan corridor indicate that public sentiment is increasingly shaped by global events, particularly the conflict involving Iran, Israel and the United States.

From an operational standpoint, security teams are maintaining heightened awareness, particularly in densely populated urban areas and major transportation corridors. Current assessments suggest that instability abroad may contribute indirectly to heightened domestic risk perceptions and potential security challenges. Incidents such as recent mass-casualty attacks within the United States reinforce concerns that similar events could occur again, especially during periods of heightened tension and widespread public attention.

Special attention is being directed toward the upcoming 250<sup>th</sup> anniversary celebrations of the United States on July 4, which will involve large gatherings and numerous public events. Such occasions present a wide range of soft targets, requiring increased preparedness, coordination and vigilance from security personnel operating on the front line.

In parallel, domestic political sentiment appears divided regarding U.S. involvement in the ongoing conflict. Reports indicate significant public scepticism toward the war effort, with many viewing the conflict primarily through the lens of broader regional dynamics rather than as a direct national priority. Despite differing opinions, the operational focus of frontline security professionals remains consistent: maintaining situational awareness, safeguarding public spaces and preparing for potential threats in an increasingly uncertain security environment.



## CARIBBEAN VULNERABILITY TO GLOBAL ECONOMIC SHOCKS FROM MIDDLE EAST CONFLICT

Global instability triggered by the conflict involving the United States, Israel and Iran is contributing to higher energy costs and disrupted international trade routes, with significant implications for import dependent regions such as the Caribbean. Surging oil prices and increased freight costs have raised the cost of living in economies that rely heavily on imported energy and food supplies, amplifying inflationary pressures within households and transport sectors. This dynamic stems from disruptions to maritime shipping and elevated fuel costs linked to closures and threats around the Strait of Hormuz, a key conduit for global energy exports.

The Caribbean's tourism dependent economies are also at risk, as higher aviation fuel prices and global travel volatility can reduce visitor numbers, weaken demand during peak seasons and strain tourism value chains that support hotels, small businesses and service industries.

Moreover, any prolonged global economic uncertainty can depress remittances and broader regional growth, compounding challenges faced by small developing states that are already contending with structural limitations and external shocks beyond their control.

## NEPAL ELECTION AND GLOBAL ECONOMIC IMPLICATIONS AMID MIDDLE EAST CONFLICT

The recent parliamentary elections in Nepal mark a pivotal political transition, with the newly established Rastriya Swatantra Party leading the vote count, signalling the emergence of new political actors and governance priorities. The United States has formally congratulated the Nepali government, emphasising opportunities for cooperation on peace and security initiatives.

The ongoing conflict in the Gulf region, following the joint U.S.- Israel strike on Iran on 28 February 2026, poses significant economic and social challenges for Nepal. The country's heavy reliance on labour remittances from Gulf Cooperation Council (GCC) states exposes households to income volatility and family disruption, as expatriate workers face heightened risks and mobility restrictions. The Nepali government has initiated registration portals to track citizens in the region for potential evacuation and support.

The United Nations continues to engage in risk mitigation and dialogue on nuclear non-proliferation, emphasising adherence to international treaties and long-term peace and security objectives. The ongoing global military expenditure, contrasted with underfunded social development programs, highlights systemic challenges in balancing defence priorities with education, health and community resilience. This juxtaposition underscores the urgent need for sustainable investment in human development alongside strategic security considerations.

# GEOPOLITICAL DYNAMICS AND REGIONAL IMPLICATIONS

Recent developments in the Middle East have created a highly complex and volatile environment, with multiple actors navigating overlapping strategic, economic and political interests. The situation of Australians stranded in the region highlights the challenges of evacuating civilians during active conflict, while disruptions to energy supplies, including the vulnerability of oil shipments, underscore the broader economic implications.

In Africa, countries like Nigeria and Ghana face a dual reality: economic benefits from oil revenues are tempered by security vulnerabilities and regional instability, particularly given the ongoing tensions involving Iran. Across the Arab world, regional actors confront a strategic dilemma, reluctant to see either Israel or Iran prevail due to the potential consequences for their own security and political balance.

Israel's military strategy, supported by unconditional U.S. backing, has targeted neighbouring states to eliminate perceived threats, creating significant political isolation and regional friction. The occupation of Palestinians remains a central driver of instability, with broader geopolitical ambitions, including references to a 'greater Israel,' further complicating regional dynamics.

This landscape illustrates the interplay between military action, economic leverage and political objectives, emphasising the need for careful crisis management, regional cooperation and attention to the humanitarian impact.

In an increasingly chaotic world, it is crucial to implement structured, informed dialogue among policymakers, practitioners and global observers to understand and mitigate cascading risks.



**THE CRISIS REFLECTS  
A VOLATILE MIX  
OF MILITARY, ECONOMIC  
AND POLITICAL TENSIONS  
REQUIRING COORDINATED  
DIALOGUE TO MANAGE  
ESCALATING REGIONAL  
AND GLOBAL RISKS.**

