

## **The other by-products of the war on Iran**

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The illegal war waged by the United States and Israel on Iran has already had major fallout on the rest of the world. Business media in the US and Europe are focussed on volatile financial market responses, particularly on debt markets, and US Treasuries. But the real impact on lives is being felt in developing countries, as ordinary people everywhere once again bear the collateral damage of actions of the US government.

The war is not playing out as the Trump administration wanted. It anticipated a quick resolution, albeit with massive destruction and deaths in Iran, which did not greatly concern it. They did not expect this level of pushback from Iran, after decades of severe sanctions, bombing and repeated assassinations of top scientists and leaders, as well as the recent internal strife that was brutally suppressed by the regime.

Yet the Iranian response has been effective, particularly though the blockade and then effective tollgate on the Strait of Hormuz, drastically reducing the transit of a significant share of globally traded oil and natural gas. This has revealed much about the complex interdependencies of contemporary global capitalism, in which the massive diversification of supply chains runs tandem with the persistence of specific chokepoints that go almost unnoticed until they are weaponised.

Most media attention has been on the impact on oil and other energy prices, since one-third of the volume of total world oil exports passed through that narrow strait until a month ago. Since oil and gas are universal intermediates in both production and distribution, they also in turn affect prices of all other goods and services over time. Even before that, actual physical shortages imply rationing, whether through price or by quantity, which typically hit poor consumers and small producers the hardest.

But the full adverse impact is not confined to that. One other feature of the petroleum and gas industry that has become starkly evident is the significance of the by-products, which have now pervaded almost every aspect of modern life.

Table 1 provides a glimpse of the total volume of exports that passed through the Strait of Hormuz in 2025, in mb/d (million barrels per day). Both petroleum and the by-products of its processing are important exports that pass through that critical transit point. And even when just crude oil is exported, its processing in other countries also generates these crucial by-products.

**Table 1: Oil products exported via the Strait of Hormuz in 2025 (mb/d)**

Country	Crude oil (including condensates)	Products	Total
Bahrain	0.00	0.21	0.21
Iran	1.69	0.72	2.41
Iraq	3.32	0.31	3.63
Kuwait	1.40	0.97	2.37
Qatar	0.73	0.69	1.43
Saudi Arabia	5.43	0.80	6.23
Saudi-Kuwaiti Neutral Zone	0.35	0.00	0.35
United Arab Emirates	2.02	1.22	3.24
<b>Total Hormuz</b>	<b>14.95</b>	<b>4.93</b>	<b>19.87</b>

Source: <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

The most important of these by-products, which has also been the most talked about, is fertiliser, which directly impacts agricultural production through its effects on crop yields. The [FAO has already noted](#) the sharp rise in fertilizer prices. The price of Middle East granular urea increased by 19 per cent in the first week of March, while Egyptian urea prices increased by 28 per cent. FAO projects that that global fertilizer prices will be 15-20 per cent higher in the first half of 2026. Farmers now face dual shocks: rising prices of the fuels that enable groundwater irrigation for cultivation and transport of inputs and produce, along with more expensive fertilizers.

Many farmers, particularly in lower income regions, are likely to reduce fertilizer application. This can result in disproportionately large declines in crop yields, especially where usage is already low. Farmers in South Asia are severely affected, since a significant share of imported fertilizer in India and Bangladesh comes from the Gulf countries. Constrained supply and higher prices will affect fertilizer usage just as the *boro* rice season is underway in Bangladesh and eastern India, and there will also be reduced domestic fertilizer production ahead of the *kharif* sowing season across the subcontinent.

The consequent impact on food production as well as on global food prices (in which the oligopolistic markets are always quick to react to anticipated shortfalls well before they are felt in reality) is obviously adverse.

But even this does not capture the full effects of the loss of by-products of such fossil fuel production. These are now vast in number and diverse, extending into every area of daily life. It has been estimated that [at least 6,000 different items rely on these by-products for their production](#). These range from plastics, lubricants, waxes, tars and asphalt for roads, to nylon, polyester and other blended fabrics, to life-saving medical devices such as MRI machines and pacemakers. All forms of transport vehicles, including electric vehicles, use such inputs. Ironically, [the green energy transition](#) also requires specialized petroleum products, such as for maintaining and operating wind turbines and renewable energy infrastructure.

As Table 2 shows, the Gulf States have been important producers of many of these by-products as well. This means that the constraints on transit through the Strait of Hormuz will have effects well beyond those on the cost of energy, to those on production across almost the entire range of global output.

**Table 2: Main non-energy use by-products of oil and gas exported from the Gulf countries**

Commodity	Gulf share of world production or exports (%)	Main regional exporters	Main uses
Urea	35-45 (exports)	Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia UAE	Fertilizers and basic chemical input
Ammonia	30 (exports)	Bahrain, Iran, Kuwait, Oman, Qatar, Saudi Arabia UAE	Fertilizers and basic chemical input
Helium	38.8 (production)	Qatar	Chips, medical imaging, etc.
Sulphur	21.6 (production) 45 (exports)	Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, UAE	Fertilizer, mining and metal processing, uranium extraction
Methanol	32-35 (exports)	Bahrain, Iran, Oman, Qatar, Saudi Arabia	Fuel, basic chemical input, biodiesel
Polyethylene	15 (capacity)	Iran, Kuwait, Qatar, Saudi Arabia, UAE	Packaging, pipes, bottles, electrical installation
Polypropylene	9 (capacity)	Iran, Oman, Qatar, Saudi Arabia, UAE	Packaging, automotives, consumer goods

**Source:** Centre on Global Energy Policy, quoted in <https://www.phenomenalworld.org/analysis/war-on-iran/>

It is true that even if the current disruptions are damaging in the short term, they would have positive benefits in the medium term if they accelerate the transition away from fossil fuel dependence. But for the moment, this is undoubtedly a major shock to global capitalism.

The regime in Iran recognized this extreme dependence, and the hugely strategic importance of this narrow strait. Before February 28, Iran's regime had warned the US and Israel that any attack would force them to regionalise the conflict and close the Strait of Hormuz. Given all this, it is truly remarkable that the hubristic US-Israeli attack on Iran was mounted without recognizing these possible impacts.

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