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This note outlines four potential impact pathways of the Iran conflict on household food security in countries within WFP's Asia Pacific Region and identifies countries at higher risk.

CONTEXT

The U.S.–Israel strikes in Iran starting on 28 February 2026 triggered immediate energy and market volatility, with Brent and WTI rising 7–9% within hours. The strikes have triggered retaliatory missile and drone attacks from Iran across the Gulf region.

The Strait of Hormuz—through which 90% of Middle East-to-Asia crude transits—has become a central area of risk. Asia buys more than four-fifths of Middle Eastern crude, making the region highly exposed to price spikes and supply disruptions.¹ While China and Japan are among the largest purchasers, many other Asian countries depend substantially on Gulf suppliers. On 02 March, Iran declared the Strait of Hormuz to be closed and threatened to attack any vessel attempting to pass through.²

PATHWAY 1: Energy Prices & Subsidies

Oil prices surged following the strikes, reflecting market fears of wider regional conflict and potential disruption to Hormuz shipping lanes. Rising energy costs quickly feed into transport, electricity, agriculture, and market prices, eroding household purchasing power. Countries with high oil import dependence—**India, Pakistan, Sri Lanka, Bangladesh, the Philippines**—face heightened inflation risks.

Energy subsidies heavily shape how countries absorb an oil-price shock. **Indonesia's** large fuel and electricity subsidies strain public finances, while **Sri Lanka's** reliance on imported fuel and limited foreign-exchange reserves has seen subsidies worsen balance-of-payments pressures.

In **Bangladesh and Pakistan**—where fuel accounts for a large share of imports—subsidies heighten fiscal and external vulnerabilities, reducing governments' ability to cushion rising energy and transport costs. These pressures contribute to higher food-production and transport costs, increasing risks to household food security.

Higher oil and gas prices also increase fertilizer costs, with past crises demonstrating strong pass-through effects.³ This may have affected domestic agricultural production across countries, particularly those already struggling with high input costs, such as **Myanmar, Bangladesh and Sri Lanka**.

PATHWAY 2: Remittances

Although Iran itself is not a major remittance source, conflict-driven uncertainty in the Gulf—where **India** has over nine million migrant workers⁴ and **Bangladesh, Pakistan, and the Philippines** each have more than one million—creates significant risks to economies and household food security. Remittances make up 9.4 percent of Pakistan's GDP, 8.9 percent for the Philippines, 6.1 percent for Bangladesh, and 3.5 percent for India, underscoring their reliance on migrant earnings, including those from the Gulf.⁵

Most of these are low or semi-skilled workers in industries like construction or manufacturing, which are highly vulnerable to geopolitical strain.

Nepal has nearly 2 million nationals employed in the Middle East, and remittances account for 26 percent of Nepal's GDP. On 01 March, immediately following the US-Israel strikes on Iran, an emergency Cabinet meeting concluded that permits for workers traveling to Gulf countries would be temporarily suspended.⁶

PATHWAY 3: Trade & Shipping

Freight rates and marine insurance costs around the Strait of Hormuz have risen sharply as insurers withdraw coverage and hike war-risk premiums—often by 25–50%—in response to escalating regional tensions. With carriers suspending transits or rerouting vessels around the Cape of Good Hope, shipping costs have climbed across global lanes.⁷ For Asian economies such as the **Philippines, Bangladesh, Pakistan, India and Sri Lanka** this means higher import expenses, slower delivery times, and increased vulnerability in already fragile supply chains.

Landlocked **Afghanistan** is particularly vulnerable to this regional instability: the ongoing **Pakistan** border closure caused USD 200m in losses to Afghan traders within one month.

Since the closure, Afghanistan has sought new partners and increased trade via Iran and Central Asia, increasing reliance on the Chabahar Port in Iran,⁸ which may be affected by the ongoing conflict.

Central Asian governments (such as **Kyrgyzstan and Tajikistan**) are increasingly turning to Iran to develop southbound trade routes, viewing it as a crucial link to markets in India, the Middle East, and East Africa after years of relying mainly on Russia and China. Since 2022, Iran's role has shifted to a key transit partner, as the region looks to diversify transport corridors and reduce exposure to geopolitical bottlenecks elsewhere.⁹

As transport disruptions raise the costs of food, fuel, and essential imports across these interconnected regions, household purchasing power weakens, heightening the risk of food insecurity.

PATHWAY 4: Wheat Prices

Global wheat prices respond strongly to geopolitical shocks—even where not directly linked to production zones. Econometric analysis shows that geopolitical conflict affects wheat markets through two channels: indirectly by pushing up oil and fertilizer costs, and directly by increasing market uncertainty, risk premiums, and shipping-related disruptions.¹⁰

During a previous escalation between Iran and Israel, Chicago wheat futures jumped sharply—rising by around 2.6% in a single session—as markets reacted to the heightened Middle East conflict risk.¹¹

This is critical for **Afghanistan and Pakistan**, where wheat is a primary staple food and both countries are net wheat importers. It is also important for **Sri Lanka and Bangladesh**, significant consumers of wheat for bread, noodles and processed foods, and also net wheat importers.

COUNTRY SNAPSHOTS

Countries with overlapping vulnerabilities:

- **Afghanistan:** Heavily dependent on Iran and Pakistan corridors; disruptions and wheat price spikes quickly transmit to markets, with border closures causing immediate economic losses.
- **Pakistan:** ~30% of imports are fuel; highly exposed to fuel and wheat inflation, with border tensions heightening trade and operational risks.
- **Bangladesh:** Heavily reliant on imported liquified natural gas and fuel; higher freight and insurance costs raise import prices, while Gulf remittance slowdowns threaten household income.
- **Nepal:** Extremely dependent on remittances (~26% of GDP), mostly from the Gulf, making it highly sensitive to conflict driven labour market disruptions.
- **Sri Lanka:** Very limited fiscal space; fuel and wheat price shocks pass rapidly into food inflation, and supply chain disruptions worsen Balance of Payments pressures.

Countries with exposure through energy imports and remittances – but macroeconomic buffer provides protection:

- **Philippines:** Dependent on imported fuel/food and sensitive to maritime freight increases. substantial exposure via Gulf remittances and aviation/tourism related disruptions.
- **Indonesia:** Energy subsidies soften immediate price impacts but add fiscal risk; wheat and fertilizer import costs feed into staple food inflation.

Countries with indirect exposure – affected by supply chains or import costs:

- **Kyrgyzstan & Tajikistan:** Indirectly exposed through higher global import costs and reduced reliability of Iranian corridors; highly sensitive to global food and fuel price rises.
- **Myanmar:** Strong pass-through from fuel and fertilizer prices likely; long shipping lead times and high logistics costs amplify operational constraints.

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6. [The CSR Journal](#). Nepal Suspends Work Permits for Gulf Nations Amid Rising Middle East Tensions. 03 March 2026.
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