

The Oil Supply Shock Will Scar the World for Years

By [Tsvetana Paraskova](#) - Apr 28, 2026, 7:00 PM CDT

- **The prolonged closure of the Strait of Hormuz has shut in over 10 million b/d of oil, triggering the largest supply shock in history and raising recession risks.**
- **Even if the Strait reopens, oil production recovery will take months to years, with damaged wells, complex restarts, and export flows slow to normalize.**
- **With most spare capacity trapped in the Gulf and no global substitute, hundreds of millions of barrels are already lost, ensuring lasting impacts on prices and the global economy.**

The Middle East's oil production and the global economy will take months and even years to recover from the worst crude supply shock in history.

Two months after the U.S. and Israel bombed Iran on February 28, the Strait of Hormuz remains closed for most tanker traffic, forcing more than 10 million barrels per day (bpd) of crude output shut-ins across the Middle Eastern oil producers. The disrupted energy flows triggered a global race for alternative supply, and sent energy prices soaring with the prospect of slowing global economic growth and even leading to a global recession if the world's most critical oil chokepoint stays mostly inaccessible for another three months.

The two-month-long closure of the Strait of Hormuz is longer than analysts had expected at the start of the war. Most assumed back then that the Strait would open by April and producers could restart shut-in wells in May.

That's not happening. Supplies remain trapped in the Persian Gulf behind the Strait of Hormuz, with onshore storage tanks filled up and tankers unable to move past the chokepoint and out of the region.

Gradual Recovery

Even if the Strait of Hormuz opened to free tanker traffic today, oil supply from the Middle East will take months to start flowing again and reach consumers in Asia, who were the first to feel the supply shock.

The longer the chokepoint remains off limits to most tanker traffic, the worse the scars would be on global supply and economic growth.

The restart of thousands of oil wells across the Middle East would be a big challenge. Some countries would need weeks, but others – like Iraq – many months to bring wells back online, analysts and officials say.

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Some wells may have been damaged, permanently, due to the hasty shut-ins in the early days of the war. Others will need new interventions and drilling to unclog, and output would not immediately return, even if the Strait of Hormuz is open unconditionally to all vessel traffic.

Even if traffic is unconstrained, it will take countries like Iraq up to nine months to reach prior production levels, due to both reservoir management and resource constraints, Fraser McKay, Head of Upstream Analysis at Wood Mackenzie, [said](#) early this month when the U.S. and Iran announced a ceasefire.

The halt to hostilities hasn't resulted in any diplomatic breakthrough so far, and the Strait of Hormuz remains closed by Iran and blockaded by the U.S.

In the event of producers starting to restore the shut-in production, which appears a distant prospect now that the standoff at the Strait continues, "Operators hastened by regulators and governments to restore production too rapidly, will risk doing more long-term damage to foundational assets," WoodMac's McKay warned.

The world's top oilfield operators also said any recovery in Middle East's oil production would be gradual.

"While some countries that executed orderly shut-ins should be able to resume production within days or weeks, other areas—particularly where disruptions were more abrupt—may require more value ramp-up, including additional waiting time and maintenance," Olivier Le Peuch, CEO at the world's top oilfield services provider, SLB, [said](#) on the earnings call last week.

Halliburton's CEO Jeff Miller [said](#) on his company's earnings call that "The longer things are shut in, typically the more complex they are to bring back on."

He also noted that "the situation in the Middle East will have meaningful and long-lasting implications for the global energy sector."

In its monthly report in April, the IEA [said](#) that supply restoration in the Gulf depends on these key enablers: improved security and political stability, the resumption of Hormuz trade flows, the mobilization of skilled labor and contractors, and the normalization of supply chains, tanker insurance, and financing.

Most fields that were properly shut in could restart quickly, but those with low recovery rates and flow issues may face delays of six months or more, the agency noted.

"Upon a reopening of Hormuz and renewed security for trade flows, we estimate that it would take around two months to re-establish steady exports, and that initial volumes would remain below pre-conflict levels," said the IEA.

Oil Market and Economy Fallout

But reality on the ground, and in the Strait of Hormuz, is that a reopening is unlikely within days, and the longer the disruption is in place, the longer the lead times to export recovery and the greater the damage to global energy prices and economy will be.

The worst of the worst disruption in the history of oil markets is that, ironically, basically all the global spare production capacity is in Saudi Arabia and the United Arab Emirates (UAE)—and thus trapped behind the Strait of Hormuz.

There isn't any producing region capable of offsetting the huge loss of supply from the Middle East. And no, the U.S. shale patch cannot help.

"Today, all of the spare capacity is behind the Strait of Hormuz, so the impact is obviously very direct," Russell Hardy, CEO at the world's biggest independent oil trader, Vitol, [said](#) at the FT Commodities Global Summit in Lausanne last week.

The oil market has lost [hundreds of millions of barrels](#) of crude since the war began. Losses are growing by the hour, and oil market participants may have finally caught up on the huge loss of supply that won't be returning for months, even if the Strait of Hormuz reopened unconditionally today.

"In round numbers, the 1 billion [barrels] is baked in now because we have probably lost 600 million to 700 million at this stage, but by the time things get moving again, if they get moving again, it takes time to bring all back," Vitol's Hardy told the FT Commodities Global Summit.