

Infrastructure Situation Report

U.S.-Israel War on Iran Contributes to European Energy Price Pressure and Business Continuity Risks

March 19, 2026



Bottom Line Up Front

- As of March 19, European energy prices appear to be rising in part because reported damage to Gulf energy infrastructure and disruption to key shipping routes are adding pressure to oil and gas markets.
- The main immediate impact appears to be on liquefied natural gas (LNG). Reported disruption at Qatar's Ras Laffan complex appears to have contributed to higher European gas prices, while repair timelines remain unclear.
- Europe could remain exposed because it must refill gas storage after winter while competing with Asian buyers for LNG cargoes. This could increase the risk of higher electricity, freight, transport, and industrial input costs.
- The principal near-term risk for clients is likely to be sustained cost pressure. If disruption continues, some firms could also face procurement strain and broader continuity challenges.

Risks and Vulnerabilities Summary

- **Import dependence:** Europe still relies heavily on imported oil and gas. More gas-dependent markets could face greater pressure than those with larger nuclear or renewable shares.
- **Shipping exposure:** Disruption around the Strait of Hormuz could raise tanker costs, insurance premiums, transit times, and freight disruption risk.
- **Electricity spillover:** Higher gas prices could feed into electricity prices across European markets, including among firms with limited direct gas use.
- **Storage pressure:** Europe is entering the gas refill period after winter. If high LNG prices persist, volatility could last longer than many firms typically plan for in spring and summer.
- **Replacement constraints:** Alternative LNG supply could prove slower or more expensive because of vessel limits, regasification bottlenecks, and competition from Asia.
- **Sector exposure:** Aviation, transport, chemicals, manufacturing, metals, food processing, and other energy-intensive sectors would likely face the greatest near-term pressure.
- **Fuel cost transmission:** Higher oil prices could also increase costs for diesel, jet fuel, marine fuel, and petrochemical inputs, affecting firms beyond direct gas users.
- **Regional divergence:** Impacts are unlikely to be uniform across Europe. Exposure would likely vary by national energy mix, LNG dependence, and local pricing structures.
- **Policy uncertainty:** Governments are discussing relief measures, but there is no single quick fix. Firms could therefore face both price volatility and shifting policy settings.
- **Supplier strain:** Higher energy and freight costs could increase supplier stress, delivery delays, and contract renegotiation risk, especially among smaller vendors.

Outlook and Assessment

- European energy markets will likely remain volatile in the near term, with risk still tilted toward higher prices. Reported physical disruption in the Gulf may keep pressure on markets longer than sentiment alone would.
 - **Confidence: Moderate.** Multiple reports link recent price moves to infrastructure damage and Strait of Hormuz disruption. The main uncertainty is how quickly affected facilities can resume operations.
- The most likely near-term outcome is a significant cost increase for European businesses rather than a region-wide energy emergency. Clients are encouraged to prepare for pressure on margins, transport costs, and power costs if LNG flows remain constrained.
 - **Confidence: Moderate.** Europe has more diversification tools than in 2022 following Russia’s expanded invasion of Ukraine, but current price moves remain substantial. The key uncertainty is whether Gulf disruption proves temporary or prolonged.
- Europe appears to be facing a price and procurement shock first, rather than an immediate physical supply emergency. That could change if disruption continues into the gas refill period.
 - **Confidence: Moderate.** Current evidence points to acute price stress, while direct supply disruption inside Europe remains limited for now. The key uncertainty is outage duration and replacement cargo availability.
- For organizations, this is likely to develop into a broader operating-cost issue, not just an energy issue. Higher gas and oil prices are likely to feed into electricity, aviation, freight, petrochemicals, and contract pricing.
 - **Confidence: Moderate.** These transmission channels are well established, and some airlines have already warned of higher costs. The main uncertainty is how much firms can pass on to customers.
- The European Union (EU) is also likely to accelerate efforts to diversify energy supply and expand domestic capacity. In the near term, however, policy action is more likely to soften costs than remove the underlying exposure.
 - **Confidence: Low to Moderate.** Policy debate is moving in this direction, but timing and political follow-through remain uncertain.
- **Potential indicators of escalation:** Further confirmed damage at Gulf export sites, new shipping disruption in the Strait of Hormuz, rising tanker insurance costs, diversion of LNG cargoes away from Europe, additional refinery outages, sustained gains in Title Transfer Facility (TTF) and Brent, localized industrial curtailment, or emergency affordability measures in Europe could indicate that pressures are increasing.
- **Potential indicators of de-escalation:** Verified repair timelines, partial restarts at affected Gulf facilities, stable tanker transit through the Strait of Hormuz, easing freight and insurance costs, lower European gas and oil benchmarks, secured replacement LNG cargoes, and fewer airline or cargo-sector warnings could indicate that conditions are stabilizing.
- **Business implications:** European firms are advised to plan for several weeks of elevated energy and transport-cost pressure. Businesses may wish to review fuel and power exposure, supplier concentration, vendor resilience, and contract assumptions against both a short price shock and a longer disruption that could affect procurement and continuity.

Global Insights Confidence Levels

High	Moderate	Low
This judgment is based on strong, credible, and typically corroborated reporting, supported by a clear analytic basis and relevant precedent or observable indicators. Some uncertainty may remain, but it is unlikely to change the core assessment.	This judgment is based on a reasonable body of reporting and sound analytic reasoning, but important gaps, conflicting information, or a fluid environment leave meaningful uncertainty. New information could materially refine or alter the assessment.	This judgment is based on limited, fragmentary, weakly corroborated, or highly uncertain reporting, or on a scenario with several unresolved variables. The assessment is plausible, but it should be treated with caution because new information could significantly change it.

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