

AMMAN ACADMEY MODEL UNITED NATIONS 2026

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United Nation Economic and Social Council (ECOSOC)



***Addressing the Economic Impact of Oil Price Inflation Following
Instability in the Strait of Hormuz***

SEPTEMBER 17TH, 2025

AAMUN'26

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Topic Brief

Introduction:

One of the most important waterways in the world, connecting the Persian Gulf to the Gulf of Oman, and the Arabian Sea. The strait of Hormuz. A significant portion of the worlds oil supply passes through this narrow waterway on a daily cycle, making it essential to the stability of the energy markets on a continental and global scale. Any disruption in the stages of shipping can quickly create uncertainty in international markets and can lead to affect countries and regions far beyond the middle east.

Such instability can have consequences that cross far beyond the energy sector. Higher oil prices cause increase in transportation and production costs, leading to a higher price of goods, contributing to inflation.

These effects can be especially harmful and damaging to developing countries that are more dependent on imported energy. Prolonged price increases may pressure business, households, and even governments while slowing economic growth.

The internation committee are pressured to consider ways to strengthen energy security, minimize the economic effects of oil-price shocks, protect critical trade routes, and increase economic resilience against any possible future disruptions.

Timeline:

The Iran-Iraq War and the “Tanker War” (1980-1988):

During the Iran-Iraq War, commercial oil tankers in the Persian Gulf were repeatedly threatened (Adrian, Tobias), showing the world how even a conflict within one region could cause danger on global oil supplies and raise shipping risks.

Rising Tensions and Tanker Incidents (2018-2019):

Tension increases between Iran, the United States, and other regional actors. Incidents involving commercial vessels around the Strait renewed concerns regarding the distribution of oil shipments (EIA.gov). 21 million barrels of oil per day were passing through Hormuz by 2018.

Growing Instability (2025-early 2026): The Strait remained critical to global energy markets, roughly 20% of global petroleum consumption passing through it (Adrian, Tobias). The noticeable increase of tension within the region made markets progressively more sensitive to any threat regarding the shipping process throughout it (Bousso, Ron).

Major Disruptions and Global Economic Conflicts: Military conflict beginning in late February 2026 led to a major reduction of shipping within the strait. A dramatic fall of oil flow occurred while Brent crude rose from about 61\$ per barrel at the start of 2026 to 118\$ shortly after by March (Bousso, Ron). Shipping slowly progressed later. In August, renewed tension pushed oil prices above 90\$, leaving uncertainty within the global energy security uncertain (EIA.gov).

Previous Efforts:

El Salvador – Bitcoin as a legal tender (2021): In September 2021, El Salvador joined the US dollar as the first nation in the world to accept Bitcoin as legal cash. In addition to offering individuals a \$30 Bitcoin reward, the government unveiled the Chivo digital wallet. Increasing financial inclusion, lowering remittance costs, and integrating unbanked persons into the official financial system were among its goals. Adoption was still restricted, though, and the IMF concluded that neither digital remittances nor financial inclusion had significantly improved because of Bitcoin. El Salvador changed its Bitcoin law in 2025, eliminating its crucial legal-tender elements and making acceptance optional (Adrian, Tobias).

Status: Limited Adoption

Venezuela – The Petro (2018-2024): In 2018, Venezuela introduced the Petro (PTR) as a cryptocurrency supported by its oil reserves. The government intended it to help bypass international sanctions, ease remittances, and give an alternative to the heavily devaluing bolivar. Nevertheless, the Petro was eventually canceled in 2024 due to its lack of significant acceptance (Bousso, Ron). Venezuela's experience showed that fundamental issues like hyperinflation, poor institutions, decreased productivity, or a lack of trust in the government cannot be solved by merely establishing a cryptocurrency backed by the government.

Status: Failed

Brazil – Drex/ Digital Real: Brazil used a very different strategy. The Central Bank created Drex, a central-bank digital currency (CBDC), instead of implementing decentralized cryptocurrencies. Pilot testing started in 2023 after development started in 2020. Drex aims to facilitate tokenized assets and possibly cross-border transactions while enhancing the effectiveness, security, programmability, and accessibility of financial activities. Crucially, Drex is a digital representation of

Brazil's sovereign currency issued within a Central Bank-run system rather than a cryptocurrency like Bitcoin (EIA.gov).

Status: Still Developing

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Major Parties:

Crypto Friendly – Pro Innovations:

-El Salvador / Argentina / Paraguay / Panama / Uruguay

Regulated Digital Finance:

-Mexico / Brazil / Colombia / Chile / Peru

Skeptical Monetary-Sovereignty Focused:

-Venezuela / Bolivia / Ecuador

Major External Economic Powers:

-USA / China / European Union

International Finance Institution:

-IMF/ World Bank / Inter-American Development Bank / BIS

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[Helpful Links](#)

[https://www.imf.org/en/blogs/articles/2026/03/30/how-the-war-in-the-middle-east-is-affecting-energy-trade-and-finance.](https://www.imf.org/en/blogs/articles/2026/03/30/how-the-war-in-the-middle-east-is-affecting-energy-trade-and-finance)

[https://www.eia.gov/international/analysis/country/irn.](https://www.eia.gov/international/analysis/country/irn)

[https://www.reuters.com/commentary/reuters-open-interest/mideast-oil-faces-bleak-new-order-irans-grip-hormuz-tightens-bousso-2026-07-30/.](https://www.reuters.com/commentary/reuters-open-interest/mideast-oil-faces-bleak-new-order-irans-grip-hormuz-tightens-bousso-2026-07-30/)