The Strait of Hormuz is the world's busiest and most important oil transit chokepoint. Only 21 miles wide at its narrowest point, ships moving through the Strait follow inbound and outbound lanes, each two miles wide and separated by a two-mile wide median. Within the Gulf, only Saudi Arabia and UAE have pipelines to circumvent the Strait.

Both geopolitically and economically, the Strait of Hormuz is one of the most important (and vulnerable) strategic chokepoints in the world. Positioned between Oman and Iran, the Strait has a long history as a critical choke point for global trade, and is the only sea passage for critical oil & gas producing countries in the Gulf (Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar and the UAE) to the Arabian Sea, Indian Ocean and beyond. Economically, about 1/3 of global liquified natural gas (LNG), and approximately 20% of global oil consumption (20 m/b/d), pass through the narrow Strait each day.

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Based on (pre-COVID) 2018 data, the EIA estimates that about 75% of oil passing through the Strait is bound for Asian markets, led by China, India, Japan, South Korea and Singapore. US imports originating from the Strait of Hormuz in 2018 accounted for 18% of US crude imports, and ~7% of total US consumption. As such, Iranian calls to Gulf countries to repeat the 1973 oil embargo has less support among Arab neighbors this time and would more adversely impact end markets in Asia than the United States.

The US Navy's Fifth Fleet, based in Bahrain, bears primary responsibility for protecting the world's busiest and most important oil transit checkpoint. If the Israel-Gaza crisis spread at a regional level, and/or if they United States were to tighten Iranian sanctions, Iran could retaliate by disrupting oil shipments through the narrow Strait of Hormuz. Historically, while Iran has been involved in numerous "incidents" in the Strait, and has threatened to completely "shut down" the passage of oil on numerous occasions, they have never actually done so.

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