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Strait of Hormuz Disruptions

Impact on Indonesia's Trade, Supply Chains, and Economic Outlook

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1 Executive Summary

The military escalation involving Iran in late February 2026 has reduced daily ship transits through the Strait of Hormuz by 97%, from an average of 129 ships per day to just 4. This chokepoint carries 38% of global seaborne crude oil, 29% of LPG, 19% of LNG, and one-third of the world's seaborne fertilizer trade. As an energy-importing developing economy, Indonesia faces significant exposure through multiple channels.

Key Findings

- **Energy imports at risk:** 20.5% of Indonesia's crude oil imports (USD 2.1 billion in 2024) originate from Middle Eastern countries transiting Hormuz. LPG exposure stands at 37.1% in 2024, while U.S. sourcing reached 53.4%.
- **Shipping costs doubling:** Dirty tanker rates up 54%, clean tanker rates up 72%, bunker fuel costs doubled, and war risk insurance premiums have quadrupled to USD 1 million per VLCC voyage.
- **Critical industrial inputs:** 70.2% of Indonesia's sulfur imports (USD 337 million out of USD 480 million in 2024)—essential for fertilizer production—come from the Middle East. Petrochemical feedstock supply chains are under strain.
- **Macroeconomic impact:** Under a 20% import disruption scenario (ICP reaching USD 100/barrel), our reduced-form model estimates GDP growth falling to 4.88%, CPI inflation rising to 3.16%, and the rupiah depreciating only modestly to approximately IDR 16,830/USD. The trade balance worsens by about 0.62% of GDP.
- **Fiscal exposure:** Every USD 10 increase in oil prices reduces the trade balance by approximately 0.2% of GDP (Bank Indonesia). Official RAPBN 2026 sensitivity indicates that the same shock worsens the APBN balance by about IDR 68 trillion.
- **Regional context:** Indonesia has the **lowest** Gulf fuel dependency (14.1% in 2024, down from 16.2% in 2023) among seven ASEAN and East Asian comparators (UN Comtrade). South Korea (49.1%) and Japan (46.6%) face roughly three times the exposure.

Top 3 Policy Priorities

1. Accelerate LPG sourcing diversification (U.S. share already reached 53.4% in the latest reproducible 2024 trade data) and release strategic petroleum reserves.
2. Provide targeted fiscal buffers for energy subsidies while holding subsidized fuel prices stable.
3. Fast-track refinery capacity upgrades (Balikpapan, Tuban RDMP) and renewable energy deployment to reduce structural import dependency.

2 Geopolitical Context and the Hormuz Chokepoint

2.1 The 2026 Iran Conflict and Maritime Disruption

The Strait of Hormuz, a 33-kilometer-wide waterway between Iran and Oman, is the world's most critical maritime chokepoint. In 2024, approximately 20 million barrels of oil per day transited the Strait, equivalent to 25% of global seaborne oil trade. The ongoing military escalation involving Iran has brought shipping through this passage to a near halt.

According to Clarksons Research data compiled by UNCTAD, the average number of daily ship transits through the Strait was approximately 129 during 1–27 February 2026. Following the escalation on 27 February, transits collapsed: 81 ships on 1 March, dropping to just 3–6 per day by 4–7 March, and stabilizing at 4 transits on 8 March—a 97% decline.

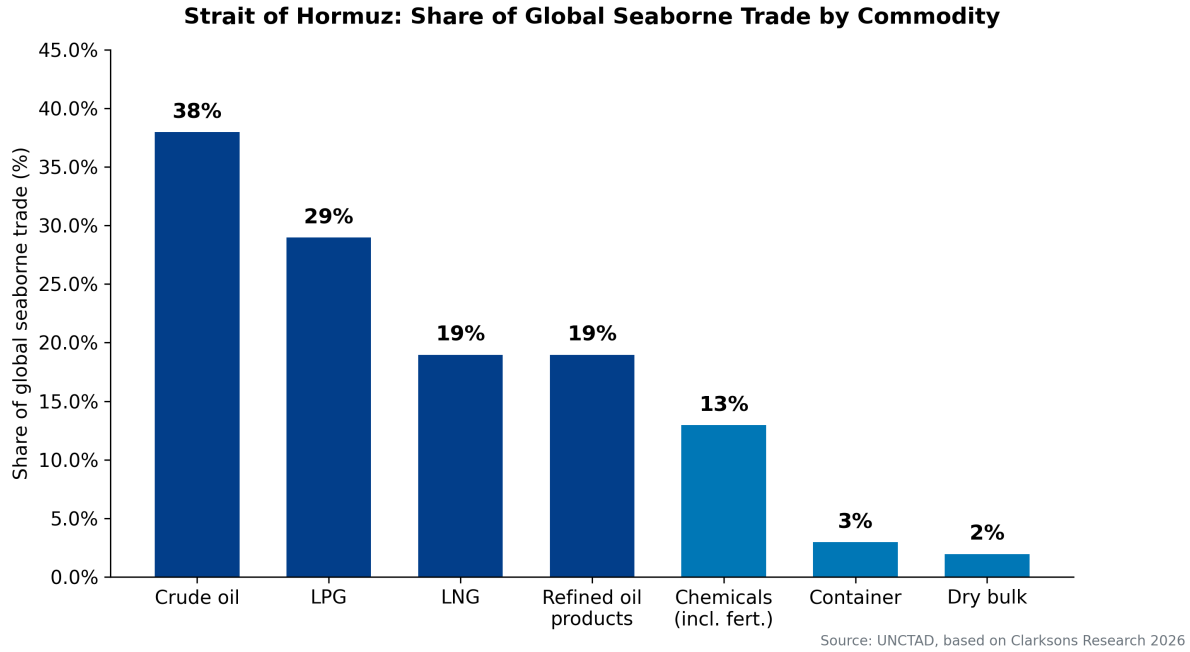

Figure 1. Strait of Hormuz: share of global seaborne trade volume by commodity type, one week prior to the conflict.

2.2 What Flows Through Hormuz

Table 1 summarizes the commodity breakdown of trade transiting the Strait. The dominance of energy products is clear, but the chemical and fertilizer share (13%) carries outsized significance for food security in developing countries.

Table 1. Share of global seaborne trade volume passing through the Strait of Hormuz (pre-conflict).

Commodity	Share (%)	Key metric
Crude oil	38	14 million bpd (crude & condensate)
LPG	29	Major supply to Asia
LNG	19	10.4 billion cubic feet/day
Refined oil products	19	6 million bpd
Chemicals (incl. fertilizers)	13	1/3 of global seaborne fertilizer trade
Container	3	Moderate direct impact
Dry bulk (incl. grains)	2	Including grain shipments

Source: UNCTAD, based on Clarksons Research 2026.

Critically, 84% of crude oil and 83% of LNG flowing through Hormuz is destined for Asia, making the continent—and Indonesia within it—the primary zone of impact.

2.3 Historical Precedents

This is not the first time maritime chokepoint disruptions have transmitted shocks through global supply chains:

- **Red Sea/Houthi disruptions (2024):** Attacks on commercial shipping in the Red Sea forced rerouting via the Cape of Good Hope, adding 10–15 days to Asia–Europe voyages and increasing freight costs by 200–300%.
- **War in Ukraine (2022):** Energy and grain supply disruptions caused Brent crude to spike to USD 130/barrel and fertilizer prices to surge 100–200%, with cascading effects on food prices globally.
- **COVID-19 pandemic (2020):** Port closures and container shortages caused unprecedented supply chain disruptions, with container shipping rates increasing 5–10x on key routes.

The current Hormuz disruption differs in its concentration of energy products and the near-total cessation of traffic, making it potentially more severe than the Red Sea crisis for energy-dependent economies.

Scope note: This brief intentionally centers verified chokepoint, trade, shipping, and macroeconomic evidence from the approved source set.

3 Indonesia's Trade Exposure to Hormuz

3.1 Overview: Indonesia as a Net Energy Importer

Indonesia's trade profile reveals a structurally energy-dependent economy. Based on Indonesia Statistics Agency (BPS) reports that in January–December 2025, Indonesia's merchandise exports reached USD 282.91 billion and imports USD 241.86 billion, yielding a trade surplus of USD 41.05 billion. The same BPS release records non-oil-and-gas imports of USD 209.09 billion, implying oil-and-gas (*migas*) imports of about USD 32.77 billion, or roughly 13.5% of total imports. This keeps Indonesia highly sensitive to energy supply disruptions even as the aggregate trade balance remains positive.

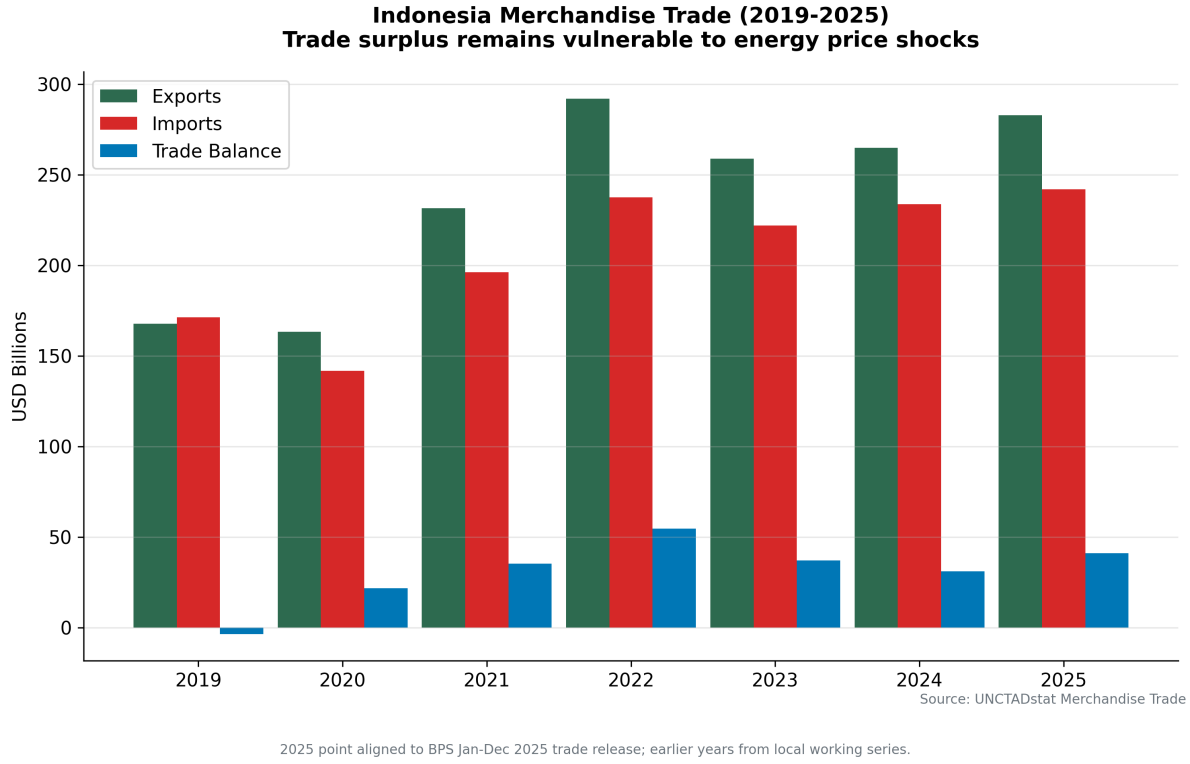

Figure 2. Indonesia merchandise trade, 2019–2025. The trade surplus is vulnerable to energy price shocks that inflate the import bill.

Key structural indicators from the EIA (August 2025):

- **Oil production:** 868,000 barrels per day (b/d) of total petroleum and liquids output in 2024; crude and condensate output continued to decline
- **Oil consumption:** 1.7 million b/d (2024), the highest since 2018
- **Crude oil imports:** 354,000 b/d (2024)
- **Petroleum product imports:** 791,000 b/d (2024), up 6.4% year-on-year

- **Refining capacity:** 1.2 million b/d across 8 refineries, with 79% utilization
- **LNG exports:** 845.8 Bcf (6th largest globally), 97.5% to Asia

3.2 Crude Oil Imports: Middle East Exposure

Based on UN Comtrade data for 2024 (HS 2709), Indonesia imported USD 10.35 billion in crude oil. Nigeria (28.0%) leads, followed by **Saudi Arabia at 19.8%** (USD 2.05 billion), making it the second-largest single supplier. When UAE (0.7%) is included, the Middle East collectively provides 20.5% of Indonesia's crude oil imports.

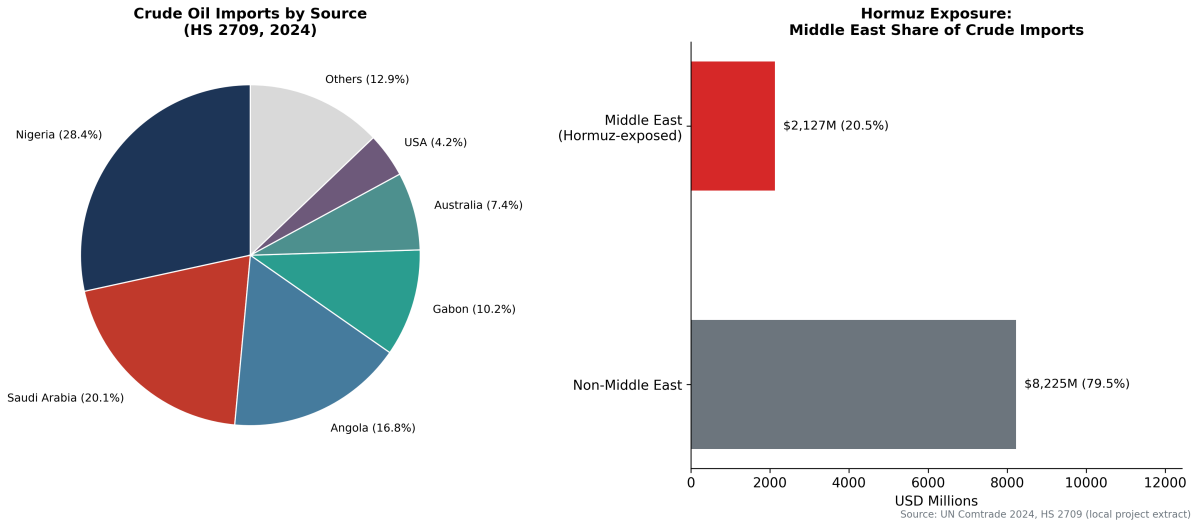

Figure 3. Indonesia's crude oil imports by source country (2024, HS 2709). Middle East countries collectively supply 20.5% of imports by value.

Table 2. Indonesia crude oil imports by country of origin (HS 2709, 2024).

Rank	Country	Value (USD M)	Volume (M tons)	Share
1	Nigeria	2,897	4.75	28.0%
2	**Saudi Arabia**	**2,053**	3.43	**19.8%**
3	Angola	1,713	2.95	16.5%
4	Gabon	1,038	1.71	10.0%
5	Australia	754	1.07	7.3%
6	United States	431	0.67	4.2%
7	Brazil	79	0.13	0.8%
8	UAE	75	0.12	0.7%
	Others	1,314	—	12.7%
	Total	**10,353**	**—**	**100%**
	ME subtotal	**2,127**	**3.55**	**20.5%**

Source: UN Comtrade 2024 local extract. Shares use the UN Comtrade world total for HS 2709. Red = Hormuz-exposed.

Because BPS 2025 trade releases do not provide a reproducible partner-level crude breakdown in the workspace, the report uses UN Comtrade 2024 as the latest verifiable source for supplier-level crude exposure.

3.3 LPG Imports: High Gulf Dependency

Indonesia's LPG dependency on the Middle East remains significant. In 2024, LPG imports (HS 2711) totaled USD 3.81 billion. Middle Eastern countries (Qatar, UAE, Saudi Arabia, Kuwait) supplied approximately 37.1% of this total, while U.S. LPG imports reached USD 2.03 billion (53.4%).

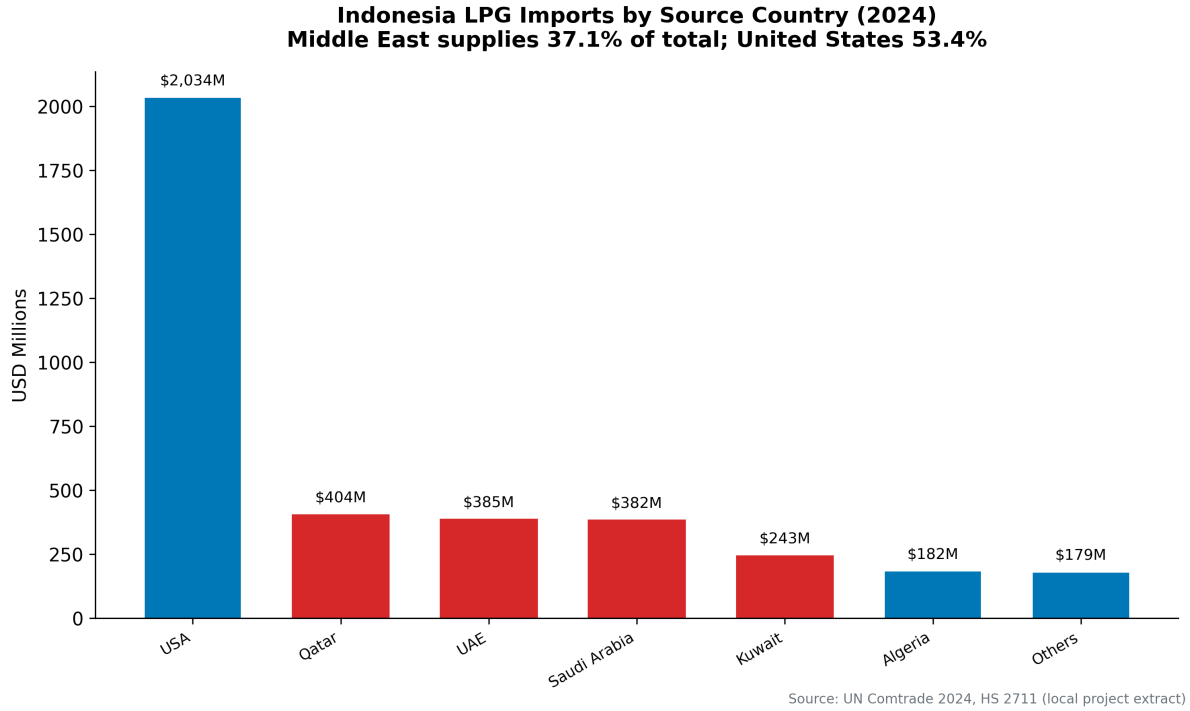

Figure 4. Indonesia's LPG imports by source country (2024, HS 2711). Middle East supplies 37.1% of total import value, while the U.S. share reaches 53.4%.

Table 3. Indonesia LPG imports by source country (HS 2711, 2024).

Country	Total (USD M)	Share	Hormuz-exposed
United States	2,033.5	53.4%	No
Qatar	403.5	10.6%	Yes
UAE	**385.0**	**10.1%**	**Yes**
Saudi Arabia	381.8	10.0%	Yes
Kuwait	243.1	6.4%	Yes
Algeria	182.3	4.8%	No
Others	178.6	4.7%	—
Total	**3,807.9**	**100%**	—
ME Total	**1,413.5**	**37.1%**	**Yes**

Source: UN Comtrade 2024 local extract, HS 2711. Red = Hormuz-exposed.

The direction of diversification is clear, but the latest reproducible supplier map remains the 2024 Comtrade breakdown above. Even after the shift toward U.S. cargoes, 37.1% of Indonesia's LPG imports still originate from Gulf suppliers, leaving the subsidized 3-kilogram LPG program directly exposed to Hormuz-related disruption.

3.4 Indonesia's Exports and Route Exposure

Indonesia also faces export-side risk through shipments to Gulf markets and through energy-sensitive export sectors such as palm oil, petrochemicals, and manufactured goods. The current workspace does not contain a fully reproducible 2025 partner-product export matrix at the same level of detail as the import-side files, so the quantitative analysis in this brief focuses on the import channel, where the official-source evidence is strongest.

3.5 Bilateral Trade with Gulf States

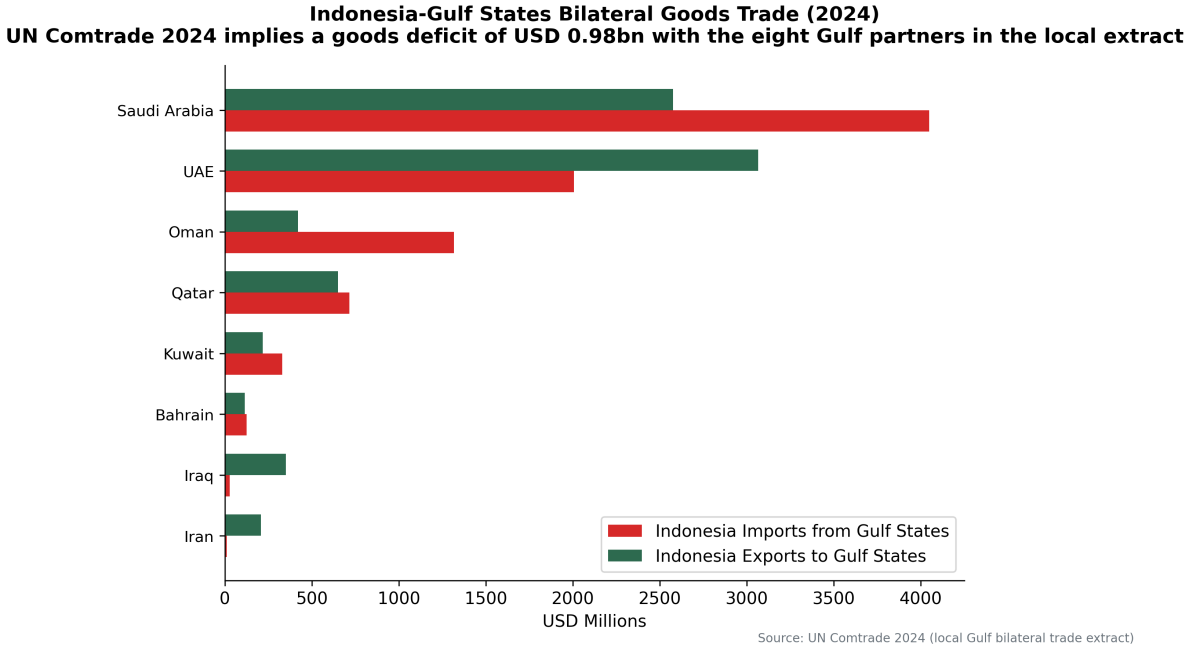

Figure 5. Indonesia–Gulf states bilateral trade (2024). UN Comtrade implies a goods trade deficit of approximately USD 980 million with the eight Gulf partners in the local extract, driven by energy imports.

Based on UN Comtrade 2024 goods data, Indonesia imported USD 8.58 billion from the eight Gulf states and exported USD 7.60 billion, yielding a goods trade deficit of about USD 0.98 billion. Saudi Arabia alone accounted for USD 4.05 billion in imports and USD 2.58 billion in exports.

4 Shipping, Freight, and Insurance Cost Impact

4.1 Freight Rate Surge

The disruption has triggered a dramatic surge in maritime freight costs. Between 27 February and 6 March 2026, the Baltic Exchange Dirty Tanker Index (BDTI) rose by 54% and the Clean Tanker Index (BCTI) by 72%, reaching or approaching historic highs.

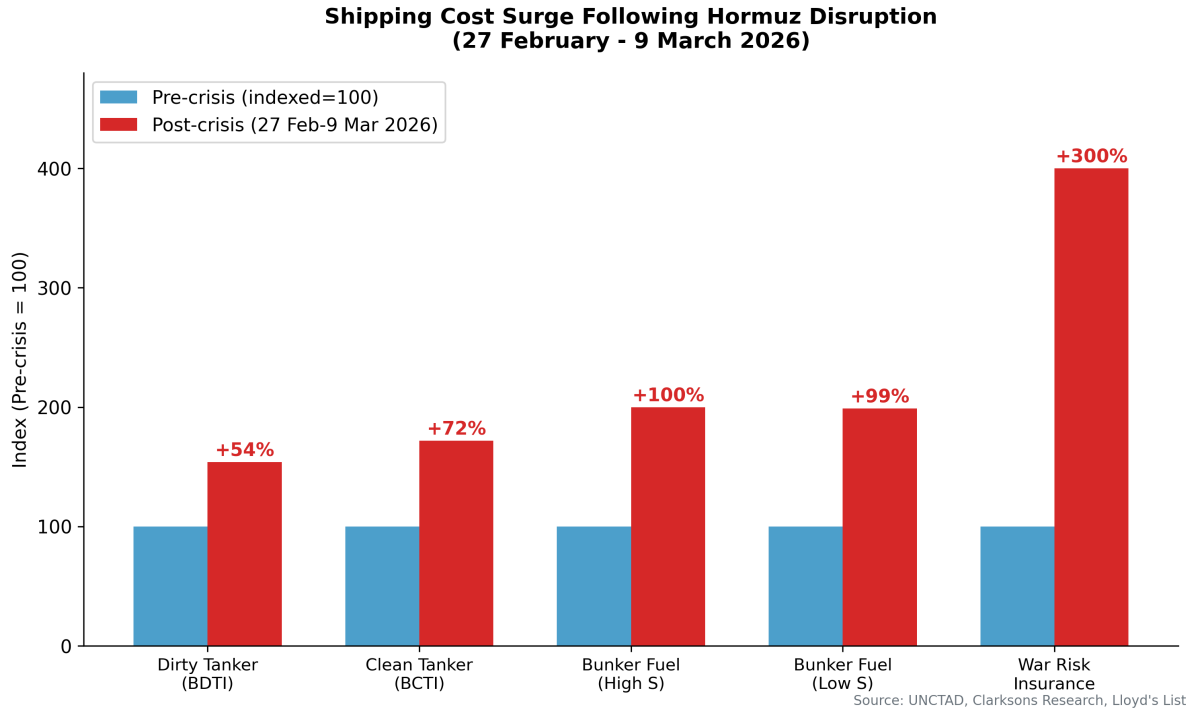

Figure 6. Shipping cost surge following Hormuz disruption, indexed to pre-crisis levels.

4.2 Cost Escalation Channels

- **Bunker fuel:** Singapore—the world's largest bunkering port and the primary refueling hub for vessels serving Indonesian ports—has seen bunker fuel prices jump sharply. High-sulphur fuel oil rose 100% to USD 874 per tonne, while low-sulphur fuel (IMO 2020 compliant) increased 99% to USD 1,020 per tonne between 27 February and 9 March 2026.
- **War risk insurance:** Premiums for vessels transiting the Middle East have surged. For a Very Large Crude Carrier (VLCC) valued at USD 100 million, the pre-crisis premium of 0.25% (USD 250,000 per voyage) has increased by up to 300%, reaching roughly USD 1 million per voyage.
- **Carrier surcharges and repricing:** Emergency surcharges have also been reported on some Asia routes, but these lane-specific notices vary by contract and carrier.

They are treated here as directional evidence of broader shipping stress and are not separately used in the annual freight-burden calculation.

4.3 Transport Cost Ratios: Pre-Crisis Baseline

UNCTAD Trade-and-Transport Dataset reveals the pre-disruption ad valorem freight cost ratios for Indonesia's trade with Middle Eastern partners.

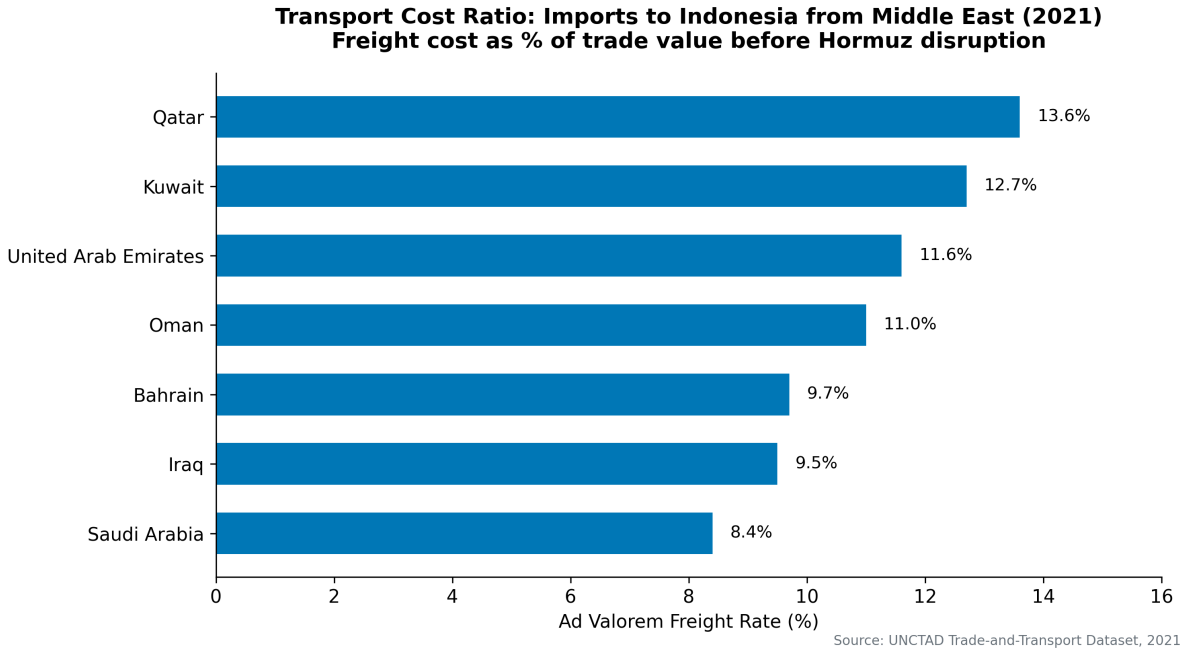

Figure 7. Ad valorem freight cost ratios for imports to Indonesia from Middle East countries (2021 baseline). These rates are expected to increase significantly under current disruption.

Table 4. Transport costs: imports to Indonesia from Middle East (UNCTAD, 2021).

Partner	FOB Value (USD M)	Transport Cost (USD M)	Ad Valorem (%)	USD/kg
Saudi Arabia	3,660	307	8.4	0.046
UAE	1,920	223	11.6	0.073
Qatar	595	81	13.6	0.067
Oman	539	59	11.0	0.034
Kuwait	237	30	12.7	0.059
Bahrain	203	20	9.7	0.065
Iraq	0.09	0.008	9.5	0.082

Source: UNCTAD Trade-and-Transport Dataset, 2021. Pre-disruption baseline.

Risk Alert

Under current conditions, ad valorem freight cost ratios are estimated to increase by 50–100%, meaning transport costs for a USD 100 million shipment of crude oil from Saudi Arabia could rise from USD 8.4 million to USD 12.6–16.8 million. Applied to Indonesia's 2024 Gulf import bill, this implies an additional freight burden of roughly USD 0.4–0.9 billion over a full year.

5 Sectoral Vulnerability Assessment

5.1 Energy Sector: Oil, Gas, and LPG

Indonesia consumed 1.7 million b/d of oil in 2024 but produced only 868,000 b/d. Crude oil imports of 354,000 b/d and petroleum product imports of 791,000 b/d fill the gap. The refinery system operates at 79% utilization, producing approximately 1 million b/d.

The household LPG subsidy system remains a particular vulnerability. As shown in Section 3, the subsidy program still depends on imported cargoes with limited short-term substitutes, so a prolonged disruption would likely shift pressure onto the budget rather than immediately onto administered prices.

Risk level: Very High. Import dependency is structural and short-term substitution options are limited.

5.2 Petrochemicals and Plastics

Indonesia remains a net importer of chemicals and petrochemical intermediates. The sector depends on imported naphtha feedstock, and price transmission through Singapore's refining hub can amplify any direct Gulf supply disruption.

Illustrative Industry Signal

Chandra Asri's March 2026 force majeure episode provides a useful operational signal of how quickly petrochemical supply stress can surface. Reuters reported on 6 March 2026 that Aster Chemicals and Energy, the Singapore joint venture of Chandra Asri and Glencore, declared force majeure over raw-material disruption linked to the Middle East conflict and cut plant run rates. Separately, IDNFinancials reported on 5 March 2026 that PT Chandra Asri Pacific Tbk described its own notice as precautionary in a clarification to the Indonesia Stock Exchange. We use this as an illustrative industry case only, not as a quantitative model input, because the underlying company disclosure is not stored locally in this project workspace.

Downstream industries at risk include:

- **Plastics packaging:** Indonesia's fast-moving consumer goods sector depends on polyethylene and polypropylene
- **PTA/PX (purified terephthalic acid/paraxylene):** Key inputs for polyester fiber production
- **Industrial solvents:** Used across manufacturing sectors

Risk level: High. While direct Middle East exposure is moderate, price transmission through Singapore's refinery hub amplifies the impact.

5.3 Fertilizers and Agriculture

This sector faces among the highest exposure. UNCTAD data shows that one-third of global seaborne fertilizer trade passes through the Strait of Hormuz. Indonesia's specific vulnerabilities include:

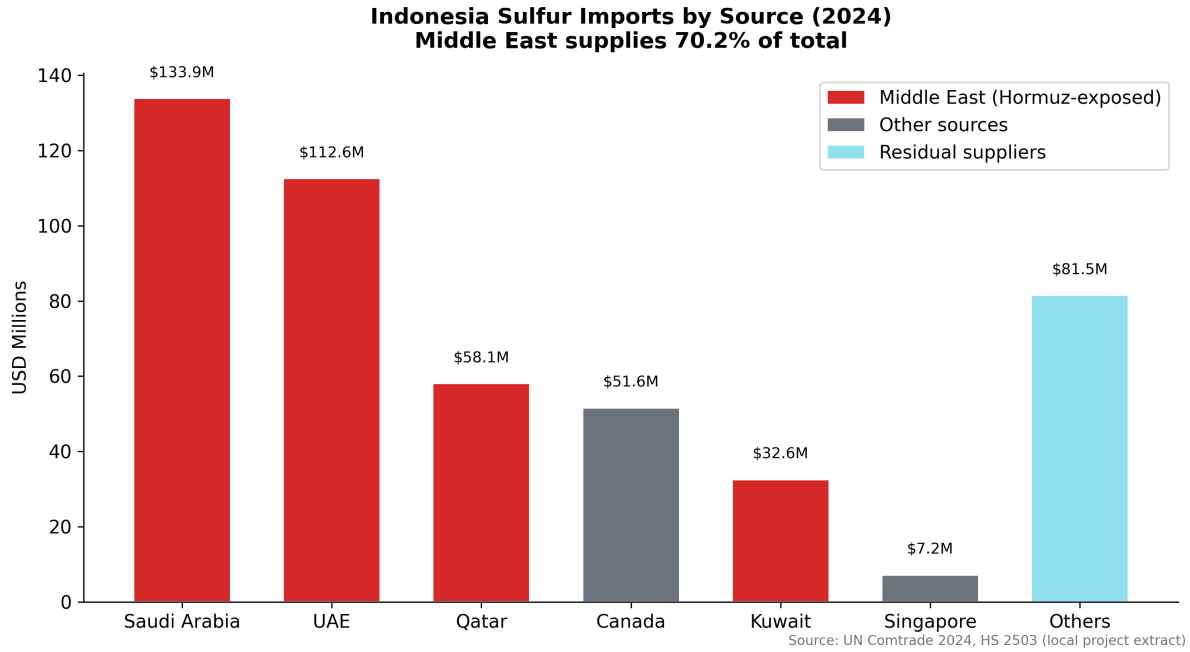

Figure 8. Indonesia's sulfur imports by source (2024, HS 2503). Middle East supplies 70.2% of sulfur (USD 337M out of USD 480M), a critical input for fertilizer and nickel processing.

- **Sulfur:** 70.2% of Indonesia's sulfur imports (USD 337 million out of USD 480 million in 2024, HS 2503) come from Middle Eastern countries. Saudi Arabia (USD 134M), UAE (USD 113M), Qatar (USD 58M), and Kuwait (USD 33M) are the top suppliers. Sulfur is essential for both fertilizer production (sulfuric acid for phosphate processing) and Indonesia's growing nickel processing industry (high-pressure acid leaching).
- **Other fertilizer channels:** Beyond sulfur itself, global fertilizer prices remain vulnerable because one-third of seaborne fertilizer trade passes Hormuz. This creates a second-round food-price channel even where Indonesia is not directly dependent on Gulf physical supply for every product line.

The cascading effect on food prices is historically well-documented: oil price spikes lead to fertilizer price increases, which transmit to food production costs with a 3–6 month lag.

Risk level: High. Both direct import disruption and price transmission through gas-to-fertilizer linkages.

5.4 Transportation Fuels

Indonesia's transportation sector is highly exposed through multiple channels:

- **Aviation fuel (jet kerosene):** Airlines face surging fuel costs. Singapore—the primary source of Indonesia's petroleum product imports (38% of total)—is itself dependent on Middle Eastern crude supply.
- **Marine bunker fuel:** Indonesian shipping and fishing fleets face doubled bunker costs. The archipelagic nature of Indonesia's economy (17,000+ islands) makes marine fuel costs a critical logistics variable.
- **Subsidized fuels:** Pertalite (RON 90) at Rp 10,000/liter and Solar (diesel) at Rp 6,800/liter are held constant despite surging global prices, creating fiscal pressure on Pertamina's compensation payments.

Risk level: Very High. Immediate pass-through to logistics costs across the entire economy.

5.5 Construction: Asphalt and Bitumen

Indonesia's infrastructure development programs require significant bitumen/asphalt imports. While the Middle East is a global asphalt producer, Indonesia's bitumen consumption has been constrained by tight infrastructure funding. The price impact is moderate, but rising input costs could slow infrastructure spending.

Risk level: Moderate. Infrastructure budget constraints already limit demand; price increases are a secondary concern.

5.6 Textiles and Manufacturing

Indonesia's textile industry—a major export sector—depends on polyester fiber derived from petrochemical feedstock (PTA/PX). Rising naphtha and paraxylene prices increase production costs for garments, textiles, and footwear. Some Gulf-linked petrochemical intermediates are also at risk.

Risk level: Moderate. Price transmission is indirect but affects export competitiveness.

5.7 Pharmaceuticals and Agrochemicals

Petrochemical-derived intermediates feed into pharmaceutical production and pesticide manufacturing. While direct Middle East exposure is low, global petrochemical price increases affect input costs.

Risk level: Low to Moderate. Indirect exposure through global petrochemical markets.

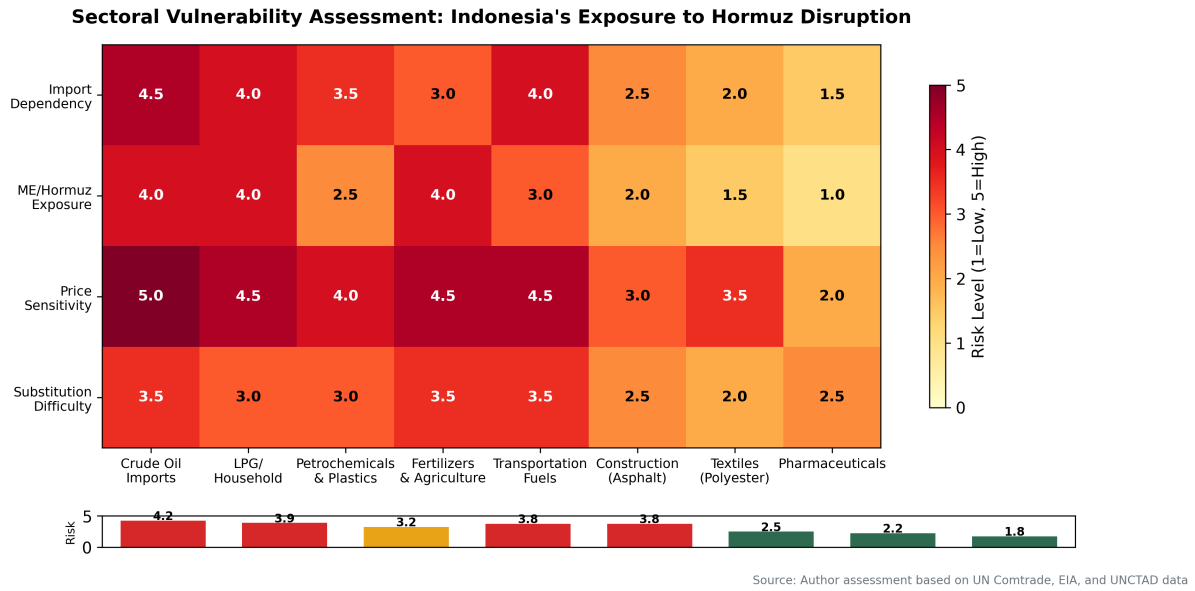

Figure 9. Sectoral vulnerability heatmap: Indonesia's exposure to Hormuz disruption across four risk dimensions.

6 Scenario Modeling and Projections

6.1 Scenario Framework

We construct three disruption scenarios based on the duration and intensity of the Hormuz closure. The baseline block uses BPS end-2025 macro and aggregate trade data where available, while the detailed commodity exposure parameters use the latest reproducible official trade splits from UN Comtrade 2024.

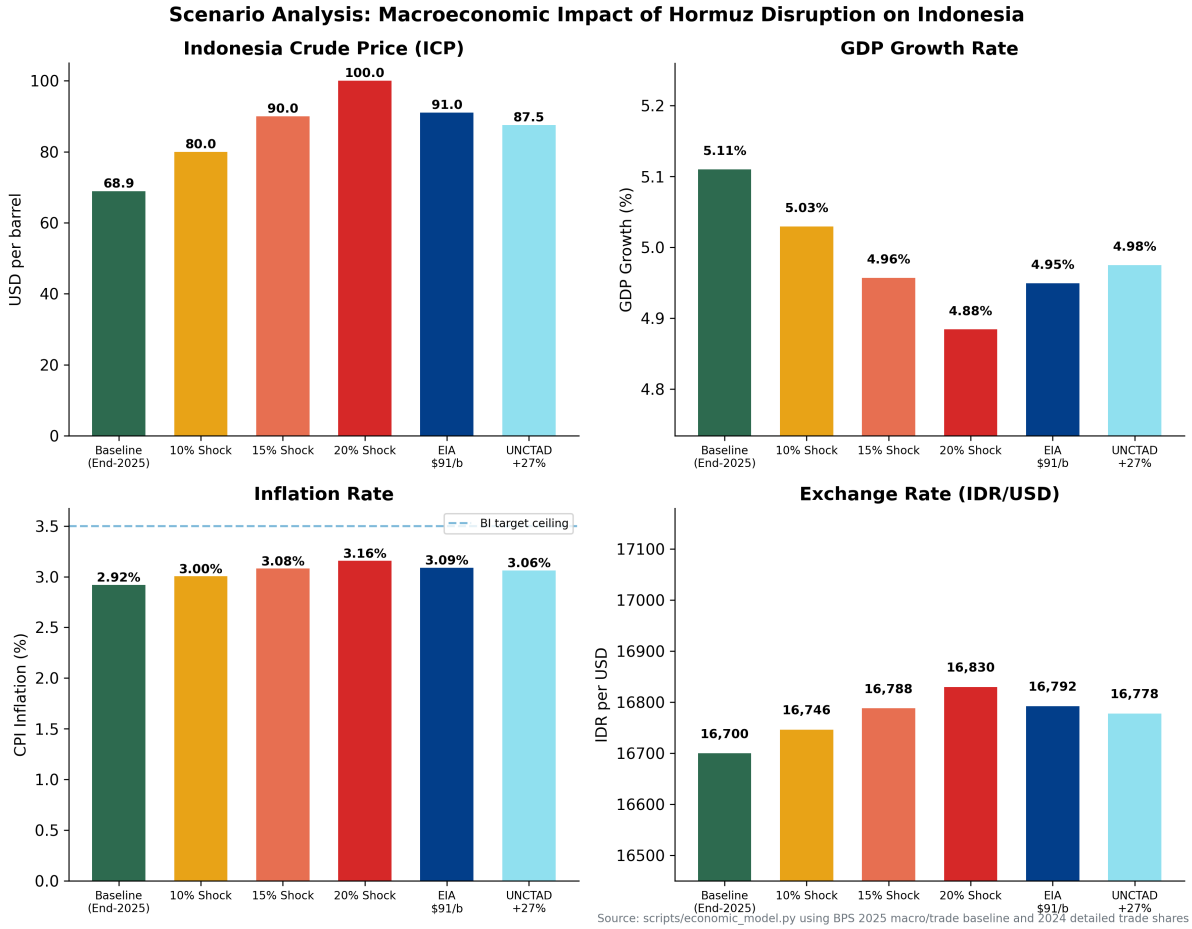

Figure 10. Scenario analysis dashboard: macroeconomic impact of Hormuz disruption on Indonesia under the project baseline, three core shock scenarios, and two official comparators.

Table 5. Scenario projections: macroeconomic impact on Indonesia.

Indicator	**Baseline** *Pre-crisis*	**10% Shock** *Partial*	**15% Shock** *Full, 3mo*	**20% Shock** *Full, 6mo*	**EIA Est.** *Q2 2026*	**UNCTAD Est.** *1st wave*
ICP (USD/bbl)	68.9	80.0	90.0	100.0	91.0	87.5
GDP growth (%)	5.11	5.03	4.96	4.88	4.95	4.98
CPI inflation (%)	2.92	3.00	3.08	3.16	3.09	3.06
Rupiah (IDR/USD)	16,700	16,746	16,788	16,830	16,792	16,778
Trade balance	—	−0.22%	−0.42%	−0.62%	−0.44%	−0.37%
Add'l import cost	—	+USD 0.85B	+USD 1.62B	+USD 2.39B	+USD 1.70B	+USD 1.43B
Fiscal impact (IDR T)	—	75.5	143.5	211.5	150.3	126.5

Source: Author calculations using reduced-form pass-through model. Baseline anchors: BPS 2025 GDP growth, inflation, exports, imports, and migas/nonmigas trade totals; detailed commodity exposure shares from UN Comtrade 2024; retained elasticities from IMF, Bank Indonesia, and World Bank; exchange-rate sensitivity calibrated to the observed Feb–Mar 2026 LSEG Brent/IDR move; fiscal sensitivity from Kementerian Keuangan, Nota Keuangan RAPBN 2026 Table 6.1. EIA Est. = EIA STEO Q2 2026 Brent forecast ($91/b). UNCTAD Est. = application of UNCTAD's observed first-wave 27% Brent increase to the end-2025 project baseline. T = trillion IDR.

6.2 Official Benchmark Calibration

Official-source benchmarks support the scenario range used in Table 5:

- **World Bank pre-crisis benchmark:** The World Bank Commodity Markets Outlook (October 2025) placed Brent near USD 60/bbl on a pre-conflict baseline.
- **EIA near-term benchmark:** The EIA Short-Term Energy Outlook (March 2026) placed Brent at approximately USD 91/bbl for Q2 2026 under disrupted market conditions.
- **UNCTAD first-wave shock:** UNCTAD reported Brent up 27% in the first ten days after the escalation. Applied to the end-2025 project baseline of USD 68.9/bbl, that yields an official-shock comparator of about USD 87.5/bbl.
- **Observed market pricing:** The refreshed LSEG daily panel shows Brent averaging USD 69.43 in 1–27 February 2026 and USD 96.40 in 28 February–25 March 2026, placing the report's USD 80–100 scenario band inside the range already observed in market data.

Taken together, these benchmarks indicate that the report's scenario range spans a plausible corridor from partial disruption to severe and sustained stress.

Elasticity review note (26 March 2026): We re-checked the model elasticities against newer material from the approved-source set. No newer directly comparable primary-source coefficient was identified for the retained GDP, CPI, or fertilizer channels, so

those values are unchanged. We did, however, replace the old exchange-rate calibration with a market-based LSEG benchmark from the observed Feb–Mar 2026 Brent/IDR move (about 0.26% depreciation per USD 10) and replace the fiscal calibration with the official RAPBN 2026 sensitivity of IDR 6.8 trillion per USD 1 increase in ICP.

6.3 Key Assumptions

1. **Oil price pass-through:** Every USD 10 increase in ICP reduces Indonesia's trade balance by approximately 0.2% of GDP. The project baseline uses end-2025 ICP of USD 68.9/barrel, while the modeled conflict range spans USD 80 to USD 100, with official comparators at USD 87.5 (UNCTAD first wave) and USD 91 (EIA).

2. **Inflation transmission:** Oil-to-food price transmission historically operates with a 3–6 month lag. The compound effect of energy and fertilizer price increases could push headline inflation above Bank Indonesia's 1.5–3.5% target ceiling.

3. **Exchange rate:** The updated calibration applies roughly 0.25% rupiah depreciation per USD 10 increase in ICP, implying a contained range of about IDR 16,746–16,830 across the modeled shock band. This matches the observed Feb–Mar 2026 Brent/IDR move much more closely than the previous assumption.

4. **Fiscal absorption:** The model now uses Kementerian Keuangan's official RAPBN 2026 sensitivity, under which every USD 10 overshoot in ICP worsens the APBN balance by about IDR 68 trillion.

5. **LPG diversification:** Diversification toward the United States materially reduces risk, but the latest reproducible 2024 data still leave 37.1% of LPG imports exposed to Gulf suppliers with limited short-term alternatives.

6.4 Sensitivity Analysis

Table 6. Sensitivity of key Indonesian economic indicators to oil price and disruption duration.

Variable	+USD 10/bbl	+USD 20/bbl	+USD 30/bbl	+USD 45/bbl
Trade balance (% GDP)	−0.20%	−0.40%	−0.60%	−0.90%
Inflation add-on (pp)	+0.08	+0.15	+0.23	+0.34
Rupiah depreciation	0.25%	0.50%	0.75%	1.1%
Fiscal impact (IDR T)	68	136	204	306

Source: Author calculations. Elasticities: $\beta_{oil \to CPI}$ = 0.03 (IMF WEO 2023), $\beta_{oil \to TB}$ = −0.2% GDP (Bank Indonesia), $\beta_{oil \to FXR}$ = 0.25% per USD 10 (observed LSEG Feb–Mar 2026 calibration), fiscal impact = IDR 68 trillion per USD 10 (Kementerian Keuangan, Nota Keuangan RAPBN 2026 Table 6.1). See Appendix for full model specification.

6.5 Commodity Price Trends (LSEG Data & Analytics)

LSEG real-time data confirms the severity of the commodity price shock following the Hormuz disruption. Table 7 summarizes the pre- and post-crisis price levels.

Table 7. Commodity price shock: pre-crisis vs. post-crisis (LSEG Data & Analytics, daily data).

Commodity	**Pre-Crisis** *Feb 1–27 avg*	**Post-Crisis** *Feb 28–Mar 25 avg*	**Change**	**RIC**
Brent Crude (USD/bbl)	69.43	96.40	+38.8%	LCOc1
WTI Crude (USD/bbl)	64.63	88.90	+37.6%	CLc1
Dutch TTF Gas (EUR/MWh)	32.39	52.44	+61.9%	TRNLTTFMc1
Singapore LSFO 0.5% (USD/t)	473.45	707.40	+49.4%	LFO05FSGMc1
Urea FOB Middle East (USD/t)	486.25	675.00	+38.8%	UREA-GRMEA-P1
Palm Oil (MYR/t)	4,046	4,363	+7.8%	FCPOc1
IDR/USD	16,806	16,921	+0.7%	IDR=

Source: LSEG Data & Analytics via `lseg.data` Python API. Pre-crisis = daily average 1–27 February 2026; post-crisis = daily average 28 February – 25 March 2026.

Risk Alert

The Brent crude price surged 38.8% from a pre-crisis average of USD 69.43 to USD 96.40. The Brent settlement price on 24 March reached USD 104.49. Natural gas (TTF) surged even more (+61.9%), and Singapore bunker fuel rose 49.4%. Fertilizer prices (urea) increased 38.8%, amplifying the food-security transmission channel. The rupiah depreciation remains contained at 0.7%, likely supported by Bank Indonesia intervention.

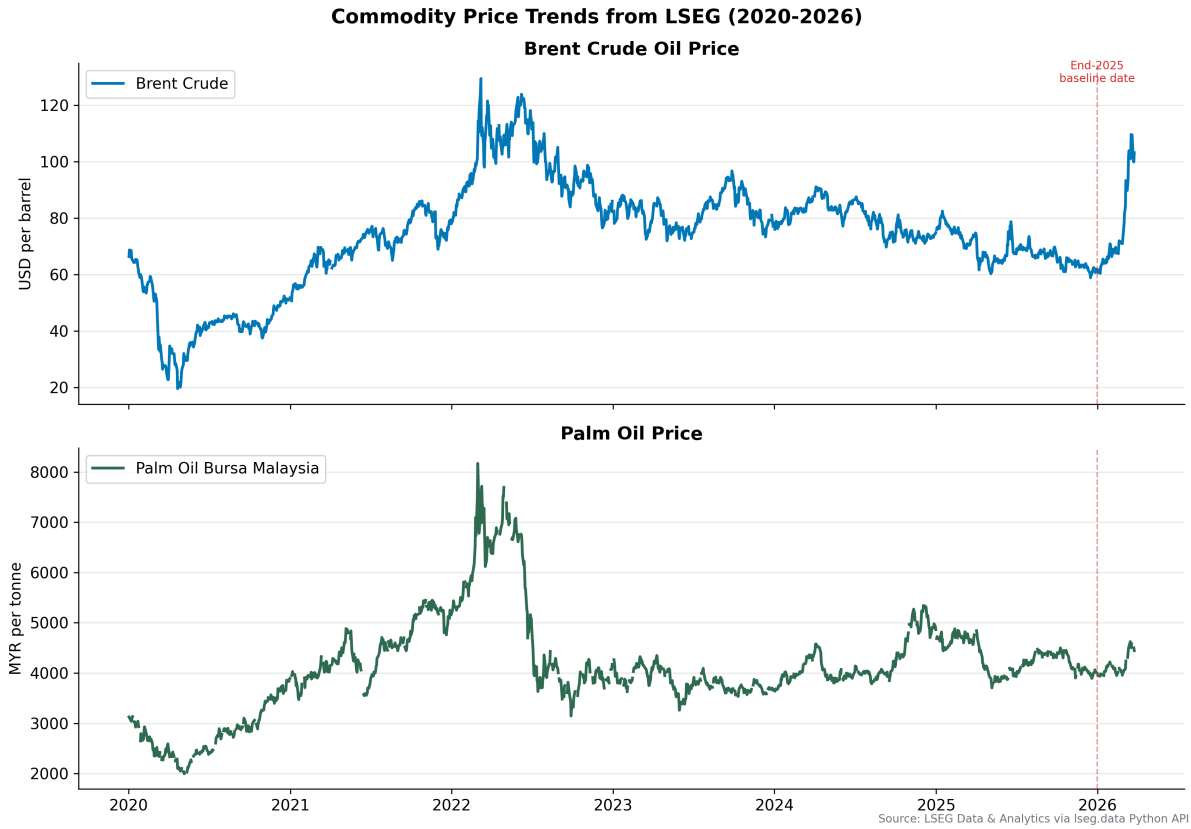

Figure 11. Brent crude oil and palm oil price trends (2020–2026). Full daily LSEG data are stored in the local project CSV files under `data/working/` (for example `lseg_LCOc1.csv`).

6.6 Liner Shipping Connectivity

Indonesia's Liner Shipping Connectivity Index (LSCI) recovered to 257.5 in March 2026 (the highest since 2023), but this pre-dates the full impact of Hormuz-related shipping disruptions. Historical patterns show that chokepoint disruptions reduce LSCI with a 2–3 month lag as shipping lines restructure services.

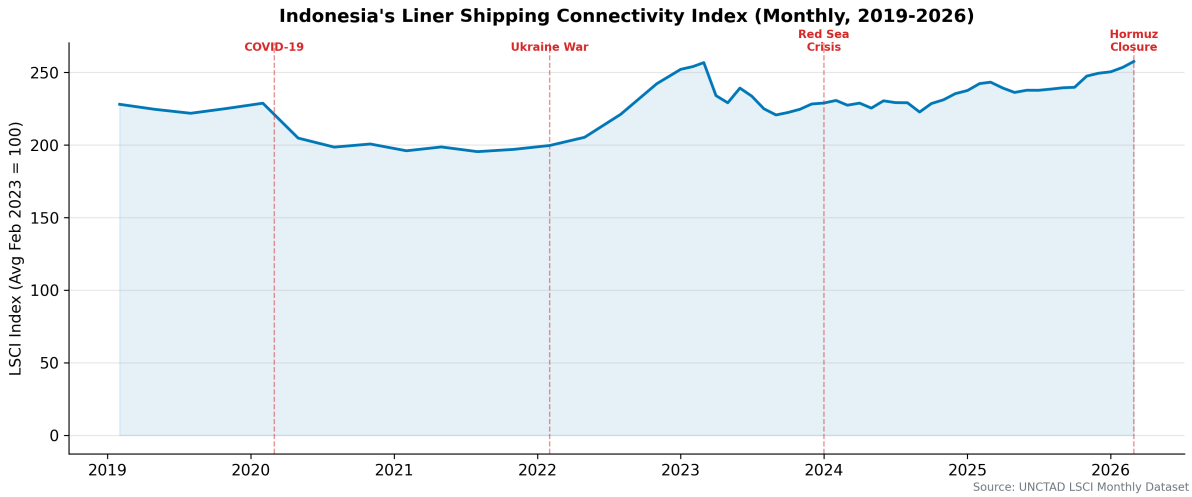

Figure 12. Indonesia's Liner Shipping Connectivity Index (monthly, 2019–2026). The index recovered strongly in 2025–2026 but faces potential decline as Hormuz disruption reshapes shipping networks.

Data Sources: GDP and inflation projections are anchored to BPS 2025 actuals and propagated using transparent reduced-form elasticities. Oil-price scenarios are cross-checked against World Bank, EIA, UNCTAD, and LSEG evidence. Exchange-rate sensitivity is now a short-window market calibration from observed LSEG data, while fiscal sensitivity uses the official RAPBN 2026 macro-sensitivity table. The LSCI data is verified from UNCTAD's monthly dataset through March 2026.

6.7 Cross-Country Benchmarking: Regional Hormuz Exposure

To contextualize Indonesia's vulnerability, we compare Gulf fuel dependency across seven Asian economies using WITS/UN Comtrade 2023 data accessed via the `world_trade_data` Python API (Table 8).

Table 8. Cross-country Gulf fuel dependency and estimated impact under 15% disruption scenario (ICP = USD 90/bbl).

Country	Gulf Fuel Share (%)	Gulf Fuel (USD B)	Add'l Cost (USD B)	Cost (% GDP)	GDP Δ (pp)	GDP New (%)
South Korea	49.1	84.2	25.8	1.50	−0.53	1.17
Japan	46.6	90.7	27.8	0.68	−0.51	0.19
Thailand	46.2	24.2	7.4	1.35	−0.50	1.10
Singapore	27.3	23.8	7.3	1.39	−0.30	1.60
Vietnam	25.9	6.7	2.0	0.44	−0.28	6.22
Philippines	23.2	4.9	1.5	0.33	−0.25	5.35
Indonesia (2024)	**14.1**	**5.7**	**1.8**	**0.12**	−0.15	**4.95**

Source: UN Comtrade 2024 for Indonesia trade exposure; WITS/UN Comtrade 2023 for comparator exposure shares; IMF WEO January 2026 for GDP baselines and forecasts.

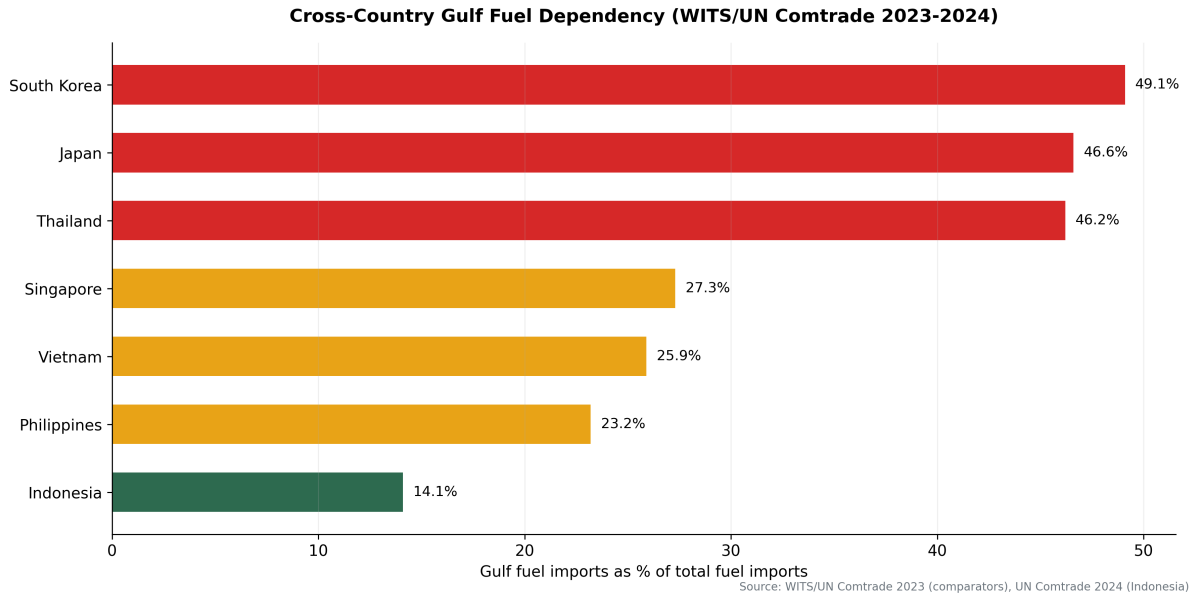

Figure 13. Cross-country Gulf fuel dependency. Indonesia has the lowest exposure among all seven comparators.

Key Findings

Indonesia has the **lowest Gulf fuel dependency** (14.1% in 2024, down from 16.2% in 2023) among all seven comparator economies. South Korea (49.1%), Japan (46.6%), and Thailand (46.2%) face roughly three times Indonesia's exposure. This reflects diversification toward African crude suppliers and rising U.S. LPG sourcing (53.4% in the latest reproducible 2024 trade data). However, the fiscal transmission channel—through Indonesia's large energy subsidy system—creates vulnerabilities not captured by trade dependency alone.

7 Policy Recommendations

The recommendations below are grounded in the verified exposure, shipping-cost, and macro-scenario evidence presented in Sections 3–6 rather than in market commentary.

7.1 Short-Term Responses (0–3 Months)

Policy Recommendation

1. **Strategic Petroleum Reserve management.** Indonesia should coordinate with IEA-affiliated countries on coordinated reserve releases to stabilize crude prices. Consider temporary expansion of SPR drawdown authority.
2. **LPG sourcing acceleration.** Expedite contracted volumes from U.S. shale gas producers via the Pacific route, which bypasses Hormuz entirely. The existing 53.4% U.S. share in the latest reproducible trade data provides a foundation; target 80%+ within 6 months.
3. **Consider subsidized fuel prices.** Keeping Pertalite and Solar prices stable during the shock window would limit second-round inflation, but should be paired with targeted fiscal buffers rather than open-ended compensation. Indonesia needs to balance how to maintain fiscal deficit while mitigating the impact of shock.
4. **Freight cost mitigation.** Negotiate government-to-government freight rate agreements with key supplier countries. Explore temporary exemptions from cabotage restrictions for tankers to increase vessel availability.
5. **Fertilizer stock management.** State-owned fertilizer companies (Pupuk Indonesia Group) should draw down strategic stocks and accelerate procurement from non-Gulf sources (Malaysia, China, Russia).

7.2 Medium-Term Structural Measures (3–12 Months)

Policy Recommendation

1. **Refinery capacity upgrades.** Accelerate the Refinery Development Master Plan (RDMP) at Balikpapan and Tuban. Higher domestic refining capacity reduces dependence on imported petroleum products (currently 791,000 b/d).
2. **Renewable energy deployment.** Accelerating solar, geothermal, and other domestic energy sources would reduce structural import dependency over time.
3. **Supply chain diversification mandates.** Require state-owned enterprises (Pertamina, PLN, Pupuk Indonesia) to maintain minimum diversification ratios for critical imports, with no single chokepoint route exceeding 30% of any commodity's supply.
4. **Maritime insurance pooling.** Propose an ASEAN-level maritime insurance pool to spread war risk premiums across the region, reducing per-country costs.
5. **Domestic fertilizer production expansion.** Indonesia has sufficient natural gas resources (33.8 Tcf proven reserves, 454 Tcf coalbed methane potential) to expand urea production capacity, reducing import dependency for this critical agricultural input.

7.3 Structural Resilience (12+ Months)

Policy Recommendation

- **Energy transition acceleration:** Every barrel of oil displaced by renewables reduces Hormuz exposure permanently. This is the momentum to accelerate transition and renewable energy production.
- **Electric vehicle adoption:** Indonesia's nickel-rich EV battery supply chain positions the country to reduce transportation fuel demand structurally.
- **Digital trade facilitation:** Reduce logistics costs through port digitization, customs modernization, and National Logistics Ecosystem (NLE) expansion.
- **Trade corridor alternatives:** Explore pipeline and rail alternatives for critical commodities (e.g., Trans-ASEAN Gas Pipeline expansion).