

Strait of Hormuz Reopening: Positive News, But Shipping Recovery Will Take Time

The expected signing of a peace agreement between the United States and Iran together with the possible reopening of the Strait of Hormuz is a welcomed development for the global shipping industry. However, while the announcement is encouraging, it should not be taken as an immediate return to normal.

The shipping industry has been waiting for signs of stability, and a signed agreement would be the first major step toward restoring confidence. However, confidence will be built through safe, repeated, successful movements. The industry is therefore expected to move cautiously. The first priority for many Shipping Liners will be to exit their assets (Ships and crews) that have been delayed in the Strait of Hormuz. These assets need to be moved safely back into the global supply chain as the first step.

Mine-clearing and maritime security will be central to the reopening process. Even if a safe corridor is identified quickly, full confidence will take time. Mine-sweeping, naval escorts, clear traffic instructions and insurance approvals will be required before large numbers of vessels are willing to transit the area again. First priority will be given to Oil and Gas tankers followed by all other traffic.

For Commercial Shipping Liners, the biggest issue for returning to the Strait of Hormuz is trust. They will need consistent messaging from all relevant authorities, including maritime security forces in the region that commercial vessels are permitted to transit safely and will not be targeted.

Insurance will also play an important role. War-risk premiums, mine-risk exposure and security-related surcharges may remain elevated even after the strait technically reopens. Insurers will want evidence that the route is safe, predictable and politically stable. Until that confidence returns, most shipping liners will avoid the Strait of Hormuz and continue their main operations via Oman and Saudi West Coasts as they have been doing so since the start of the war.

The most realistic outlook is one of gradual improvements. If the agreement is signed, if mine-clearing progresses smoothly, and if the first escorted or controlled transits take place without incident, the market should begin to stabilize. However, a return to pre-war levels of traffic and schedules could potentially take months.

We will continue to monitor the situation and will update the IAM community as the situation develops over the next couple of weeks and months.