

US and Israeli attack on Iran could have worldwide impact | Credo

Event

On 28 February, the United States and Israel launched a large-scale military campaign called “Operation Epic Fury” against Iran, resulting in the deaths of Iran’s supreme leader Ali Khamenei, the head of the Islamic Revolutionary Guard Corps (IRGC – a branch of the Iranian Armed Forces), as well as many other high-level officials. After only three days, the conflict is already escalating regionally and surpassing the scale of the 12-day war of last June, as Iran has carried out extensive missile and drone attacks across several countries in the region, targeting Israel but also Bahrain, Jordan, Iraq, Kuwait, Oman, Qatar (including natural gas facilities), Saudi Arabia (including the huge Ras Tanura oil refinery) and the United Arab Emirates (mainly targeting Dubai and Abu Dhabi). Sunday and Monday, the conflict widened further with the involvement of Iran-backed militias, most notably Lebanon’s Hezbollah. As a result, the Israel Defense Forces (IDF) are engaged in multifront attacks on Lebanon and Iran.

Impact

Although the duration and severity of the conflict remain uncertain, US President Donald Trump has stated that the campaign could continue for at least four weeks. Moreover, there is an important risk of further escalation, notably through greater involvement of Iran-backed regional proxies and the possible participation of Gulf Cooperation Council (GCC) countries and some European countries alongside the United States and Israel in the campaign against Iran.

From an economic perspective, the conflict is already having a large ripple effect. Missile and drone attacks from Iran have targeted multiple countries, while shipping through the Strait of Hormuz – through which 20-30% of global oil and 20% of global LNG transit – is severely disrupted, which is driving up oil and gas prices. Moreover, the large Ras Tanura oil refinery in Saudi Arabia has been targeted by drone attacks and Qatar shut down LNG production after its facilities were also targeted by Iranian drone strikes, leading to further price increases. Rising energy costs and supply disruptions are especially challenging for importers in Asia such as China and India, but also for Türkiye, the EU and Egypt. Energy-intensive sectors like metals, fertilisers, construction materials and chemicals – already under strain in the [EU](#) – face added pressure. If the conflict continues, a global economic slowdown and higher inflation are expected.

In addition to its impact on energy markets, the recent attack by Iran on GCC countries has disrupted

airline traffic between Europe and Asia, due to the region's vital role in connecting both areas. The Gulf's significance in fertiliser and aluminium production suggests that any extended conflict may cause price increases and supply chain interruptions. Furthermore, traffic through the Suez Canal – which had been showing signs of recovery – is facing renewed challenges as a result of these developments.

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