

Xavier Durand : "Global trade is resilient; it creates too much value for it to stop"

Coface

Coface CEO Xavier Durand analyzes the war in Iran and its short- and medium-term risks for French newspaper Le Figaro.

A limited but volatile global economic impact

LE FIGARO - After just a few days of conflict, the economic shockwave is global. What is your analysis?

XAVIER DURAND - The shock is immediate but remains, for the moment, regional and relatively limited on a global scale. It is obviously striking to see the entire Persian Gulf region at a standstill, with transport blocked, etc. But a rise in oil prices limited to a few days or weeks will have little impact.

They had fallen to a very low level in real terms, with Brent at \$60 at the beginning of 2026, while we have had more than 20% cumulative inflation since 2019. On Monday, they exceeded \$100, but we are still far from the peaks reached in 2022 or 2008. The most important factor —beyond the maximum level reached by these prices— is how long they will remain high.

Global growth also remains relatively weak, so tensions will arise gradually. On the other hand, if the conflict drags on and the Strait of Hormuz, through which 20% of the world's oil and LNG (liquefied natural gas) transits, is blocked for a long time, it will be on a different scale. The big question is how long it will last.

Sectors and regions most at risk

Which sectors and supply chains are most exposed?

Everything related to hydrocarbons and petrochemicals. This includes fertilizers, which are widely exported to India and Latin America, but also plastics. I'm also thinking of the production of metals such as aluminum. A prolonged disruption could affect many production chains across the entire industry, from agri-food to automotive.

What do you mean by a lasting shock?

It would probably be measured in months rather than days or weeks. If the Strait of Hormuz were blocked for more than two to three months, we would start to enter a critical zone. At that point, companies could face shortages and would have to modify their supply chains, find alternative routes, change their prices, etc.

Is Asia the most exposed region, while Europe is more spared?

Yes, Asia is on the front line because many countries are highly dependent on oil and gas imports from the Middle East.

China, in particular, which imports more than 10% of its oil from Iran, will have to find other suppliers. For Europe, the risk arises in the medium term, again linked to energy, especially if LNG prices rise. Companies were already facing higher energy costs.

If they have to store for six to nine months at prices that are 50-75% higher, it will impact their margins and balance sheets. Competition is already emerging, as it did during the energy crisis three years ago, with the first rerouting of an LNG cargo from Europe to Asia last Thursday. But we are not there yet, fortunately, and gas prices remain 6 to 7 times lower than the peaks reached in 2023.

In the very short term, there may even be some winners, such as refiners and petrochemical companies, for example, given their stocks of inputs and finished products and less competitive pressure from Asia.

Should we expect a lasting disruption to trade routes?

The disruptions are currently limited to the region: ships are blocked; some shipping companies are stopping chartering, while others are increasing their prices. Freight rates for tankers—which account for 80% of traffic in the Strait of Hormuz—have increased by 50 to 60%. The impact is more significant on air freight, as the region accounts for around one-fifth of trade—13% for Gulf companies alone... You know, at Coface we say that trade is like water, it always finds its way.

At the end of 2023, during the war between Israel and Hamas, ships that could no longer use the Suez Canal went around the Cape of Good Hope. Overall, in recent years, trade has been significantly reorganized and regionalized due to conflicts, sanctions, and more recently, customs duties. Globalization has slowed down, but it continues to adapt. Trade is resilient; it creates too much value for it to stop.

How companies are navigating the crisis

This is yet another shock that will be costly for businesses. How are they adapting?

Adaptation must involve a very detailed analysis of the risks. At Coface, we combine a macroeconomic approach based on the study of data and policies implemented in more than 150 countries with a microeconomic analysis, sector by sector, company by company.

We have a database with 245 million companies listed, and it is with this unparalleled tool, enhanced by AI, that we make our credit decisions, more than 13,000 per day. Beyond that, since credit insurance only covers 7% of multinationals worldwide, we have launched a new business. We offer this data to companies, which they can use to better monitor their risks and supply chains and define their investment strategies.

This is important in the face of an increasingly complex reality that requires very granular knowledge of the terrain. Today, business leaders must factor in this high level of uncertainty and have alternatives and mechanisms in place to secure the short term. Staying informed and insured are the key words for navigating a global economy in the midst of restructuring.

Many companies have invested in the Gulf countries. Doesn't the conflict

deal a severe blow to their attractiveness?

All sustainable growth is based on security. The future of the region will therefore largely depend on the evolution of the conflict and the ability of the United States and its allies to secure the area and guarantee stability.

There is a good example not far away called Israel. Despite the difficult periods and intense tensions that the country has experienced, it is an area of economic growth with incredible resilience, as well as a center of technological innovation. Why? Because they have succeeded in building a strong defense system.

For now, we are seeing a short-term effect. Indeed, the El Dorado that the Gulf States could have represented is now somewhat in question. Uncertainty will weigh on investments. We need to see what happens with Iran. If the country becomes balkanized, it could really call everything into question. For now, it is important to distinguish between the media narrative and economic reality: the effects vary greatly depending on the sector, country, and company.

This interview was first published in french newspaper LeFigaro.fr.