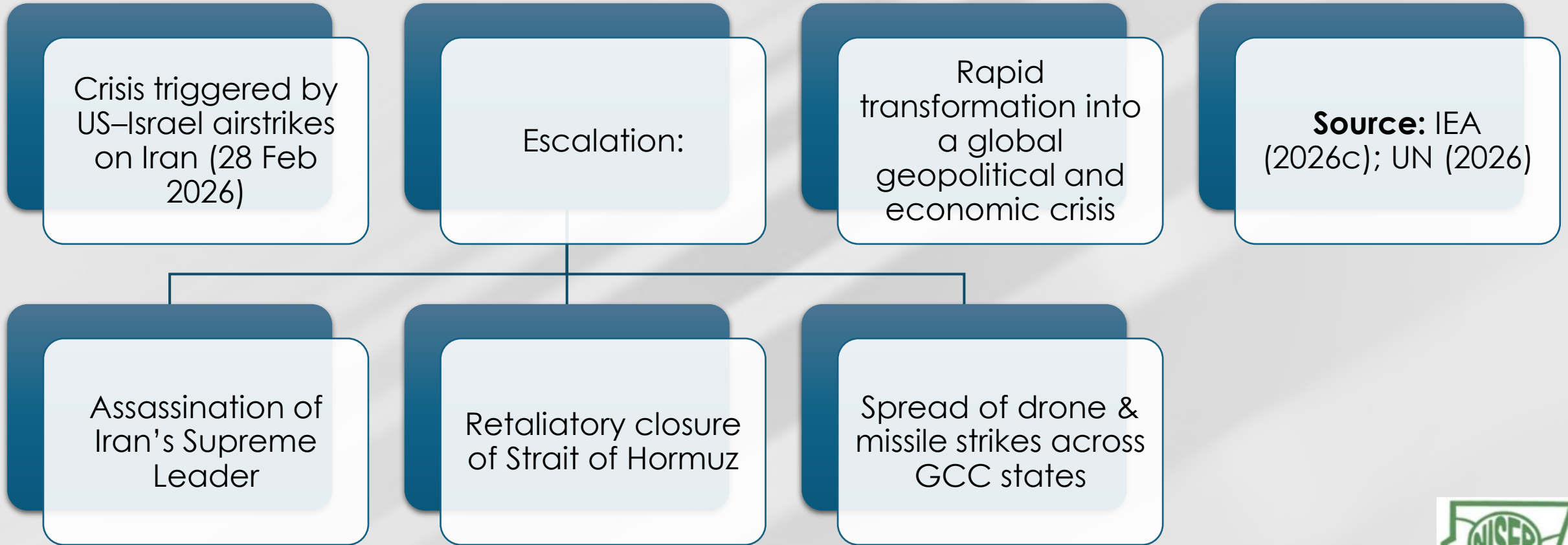


# Policy Dialogue on the US/Israel– Iran Conflict: Economic Implications and Policy Perspectives for Nigeria

**NIGERIAN INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH (NISER)  
Response Unit (NRU)**

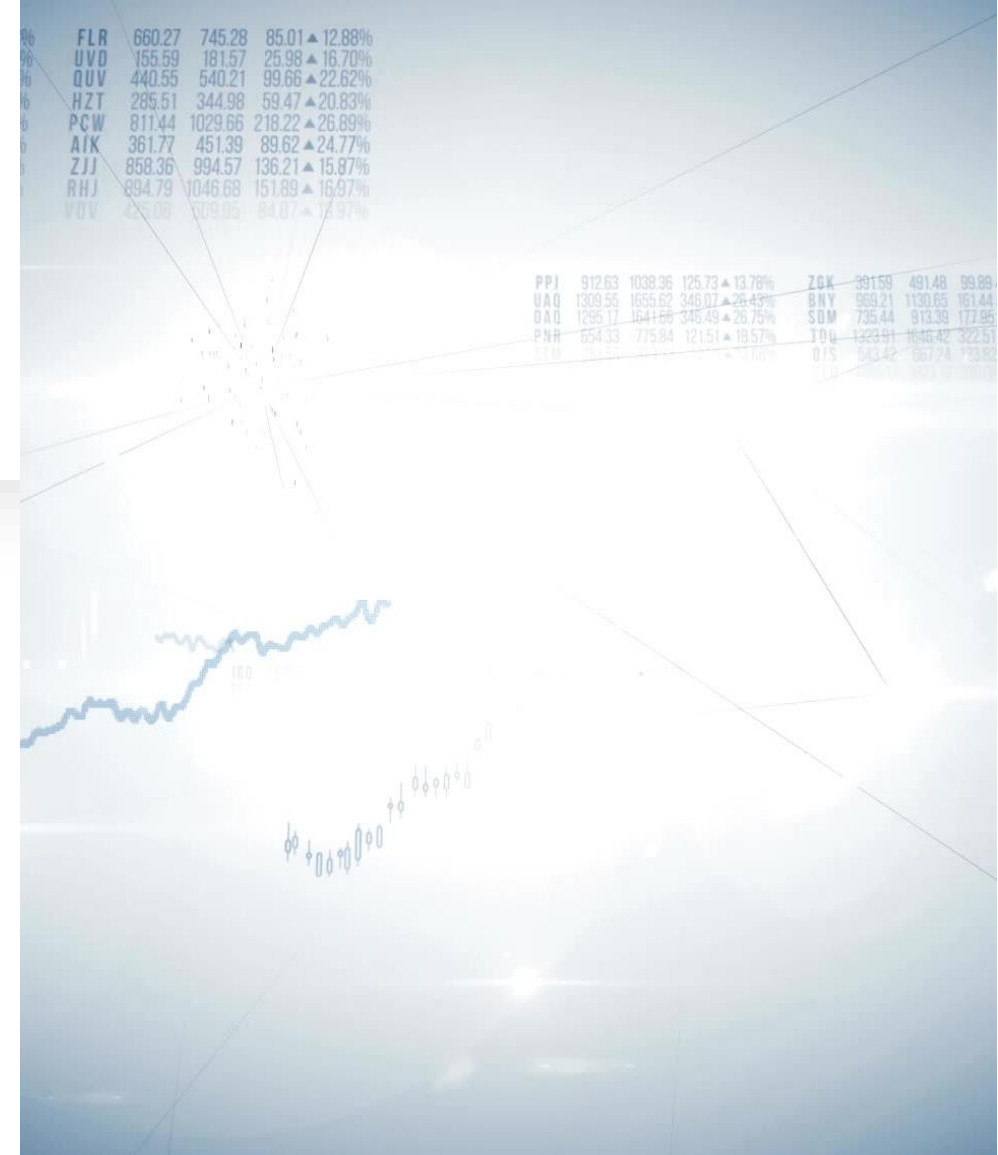


# Background and Justification (1)



# Background and Justification (2)

- Strait of Hormuz:
  - ~20% global oil supply
  - ~19% global LNG trade
- Brent crude surged:
  - ~\$71 (Feb) → >\$100 (March) → ~\$128 peak (2 April)
- IMF revised global growth:
  - 3.3% → 3.1%
- Global inflation rising; supply chains disrupted
- **Source:** IEA (2026a; 2026d); IMF
- (2026)



# Background & Justification (3)

- Nigeria's structural vulnerability:
  - ₦15.4 trillion fuel imports (2024)
  - ~62.8% petrol supply from imports (2025)
- Key risks:
  - Direct transmission of global price shocks
  - Exchange rate pressure
  - Inflationary spiral
- Policy dilemma: **oil windfall vs import dependence**
- **Source:** NBS (2026)



# Focus of the Policy Dialogue Session



Global Energy  
Markets



Travel, Airlines,  
Hospitality



Inflation & Cost of  
Living



International  
Geopolitics

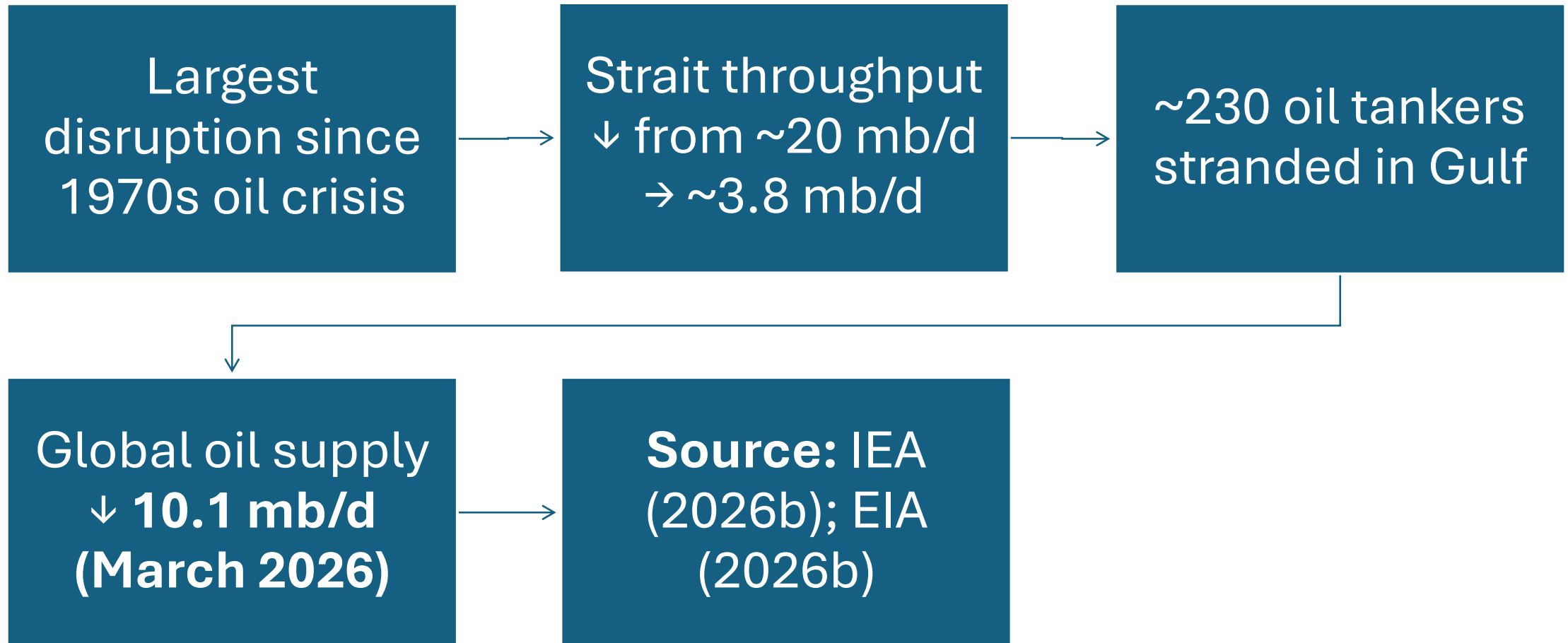


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# GLOBAL ENERGY MARKETS



# Global Energy Markets (1)



# Global Energy Markets-Volume & Logistics Collapse (2)

- Hormuz oil transit has collapsed by 81%, physically trapping supply and severing the world's primary energy market.
- Export blockages have forced OPEC+ to slash production by 9.4 mb/d.
- Global LNG supply recorded 20% supply loss
- To offset shortages, global reserves are being drained at a about 6.6 mb/d barrels.

Indicator	Pre-conflict	Conflict peak	Change
Hormuz Oil Flow	~20.0 mb/d	~3.8 mb/d	-81%
OPEC+ Production	~51.8 mb/d	42.4 mb/d	-9.4 mb/d
Global LNG Supply	100% (Baseline)	~80%	-20% Loss
Global Inventories	Rising (Oversupply)	-85 mb (Mar draw)	-6.6 mb/d

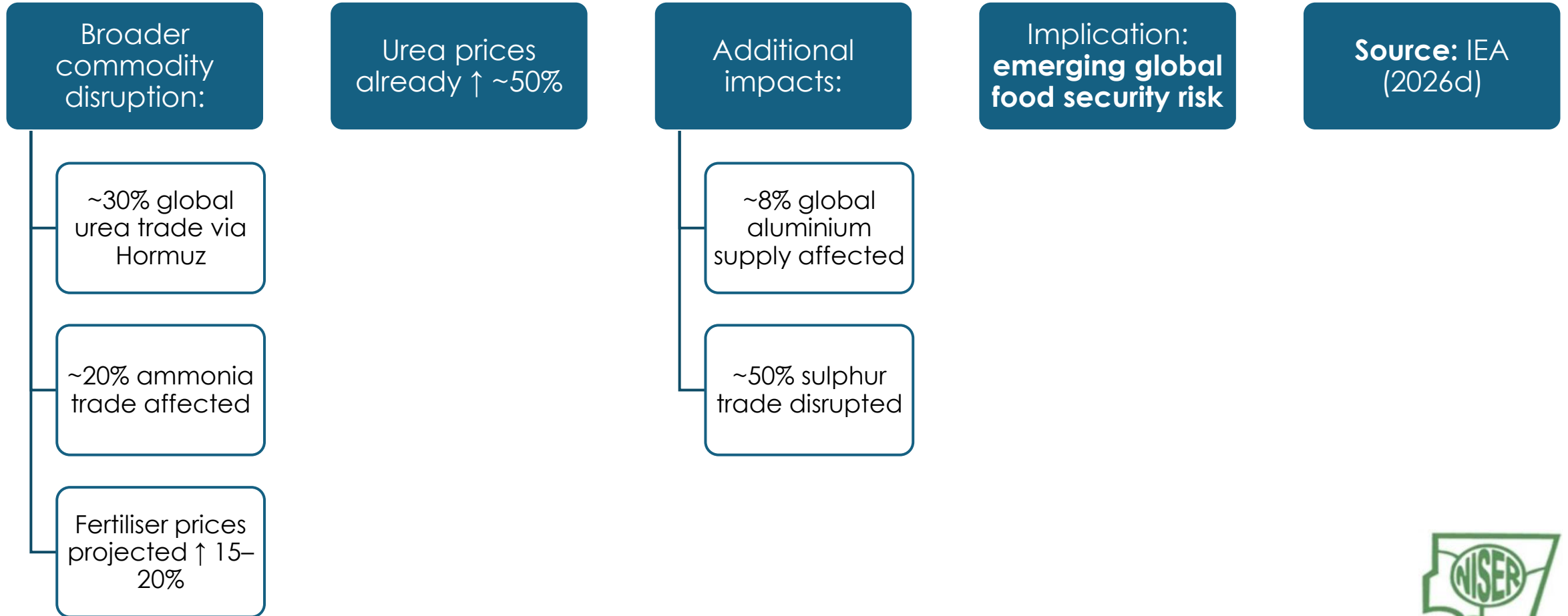
# Global Energy Markets-Price Shocks (3)

- Brent Crude has surged by 80% (\$71 to \$128/bbl.) as the market reacts to the historic supply vacuum.
- Global Gas Crisis: European gas prices (TTF) have nearly doubled, while Asian LNG (JKM) has rose by 140% due to the 20% loss in global supply.
- Massive rise (+80% to +140% )across all energy benchmarks indicates a severe, broad-based shock to industrial and household costs.

Indicator	Pre-Conflict (Feb 2026)	Conflict Peak (Apr 2026)	Change
Brent Crude Oil	~\$71/bbl	~\$128/bbl	+80%
Dutch TTF Gas	~€30–35/MWh	>€60/MWh	+88%
Asian LNG (JKM)	~\$10.40/MM Btu	~\$25.00/MM Btu	+140%

Source: All data current as of April 20, 2026. Abbreviations: EIA (U.S. Energy Information Administration), IEA (International Energy Agency), STEO (Short-Term Energy Outlook), OMR (Oil Market Report)

# Global Energy Markets (4)



# Global Energy Markets: Policy Responses (5)

Country & Status	Primary Policy Measure	Targeted Objective
India (Emerging/G20)	Cut fuel excise duties & capped retailer margins	Price Stability
Indonesia (Emerging/Producer)	Increased state budget for fuel subsidies	Consumer Protection
Kenya (Regional Peer)	Reduced Value Added Tax (VAT) on fuel from 16% to 8%	Direct Cost Relief
UK (Advanced Economy)	Applied windfall taxes on energy generators	Revenue Redistribution
Brazil (Emerging/Producer)	Subsidized fuel for producers and importers	Supply Chain Support

• Source: IEA, 2026 Energy Crisis Policy Response Tracker



# Global Energy Markets-Implications for Nigeria (6)

- A revenue catalyst (N30.2 trillion windfall, NESG 2026) and window for debt consolidation and infrastructure funding.
- Market contagion evidence across all energy units, despite domestic refining capacity.

Energy Product (Unit)	Pre-Crisis (Feb 2026)	Crisis Peak (Apr 2026)	Change (%)
Petrol (PMS) / Litre	₦1,051	₦1,466	+39.5%
Diesel (AGO) / Litre	₦1,420	₦1,850	+30.3%
Cooking Gas (LPG) / 1kg	₦1,000	₦1,400	+40.0%
Kerosene (HHK) / Litre	₦2,315	₦2,850	+23.1%
Jet A1 (Aviation) / Litre	₦900	₦3,300	+266.7%

source: National Bureau of Statistics (NBS) and Market Spot Reports (April 2026).

# TRAVEL, AIRLINES & HOSPITALITY



# Travel, Airlines, Hospitality (1)

Global tourism sector (~\$11.7 trillion) disrupted

20,000 flights cancelled within days

1 million passengers stranded

Near-total airspace shutdown in Iran, Iraq, Kuwait

**Source:** CNBC (2026); IEA (2026b)



# Travel, Airlines, Hospitality (2)

Jet fuel prices doubled

Airline fares ↑ 5–10% globally

Gulf carriers (Emirates, Qatar Airways, Etihad):struggling to restore operations

- ~14% global transit flows affected

Middle East Tourist Arrivals project to decline, 11–27% in 2026

**Source:** Oxford Economics (2026a; 2026b), Ties Institute (2026); Economic Impact of the 2026 Iran War (Wikipedia, 2026)

# Travel, Airlines, Hospitality-Nigeria (3)

- Rising operational costs for domestic airlines:

Item	July 2025 (₦)	April 2026 (₦)
Fare	91,000.00	32,200.00
Charges	2,000.00	6,110.00
Fuel Surcharge	50,000.00	101,690.00

- Potential contraction in tourism flows
- Spillover to transport sector
- Pressure on household mobility and business logistics

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# INFLATION & COST OF LIVING



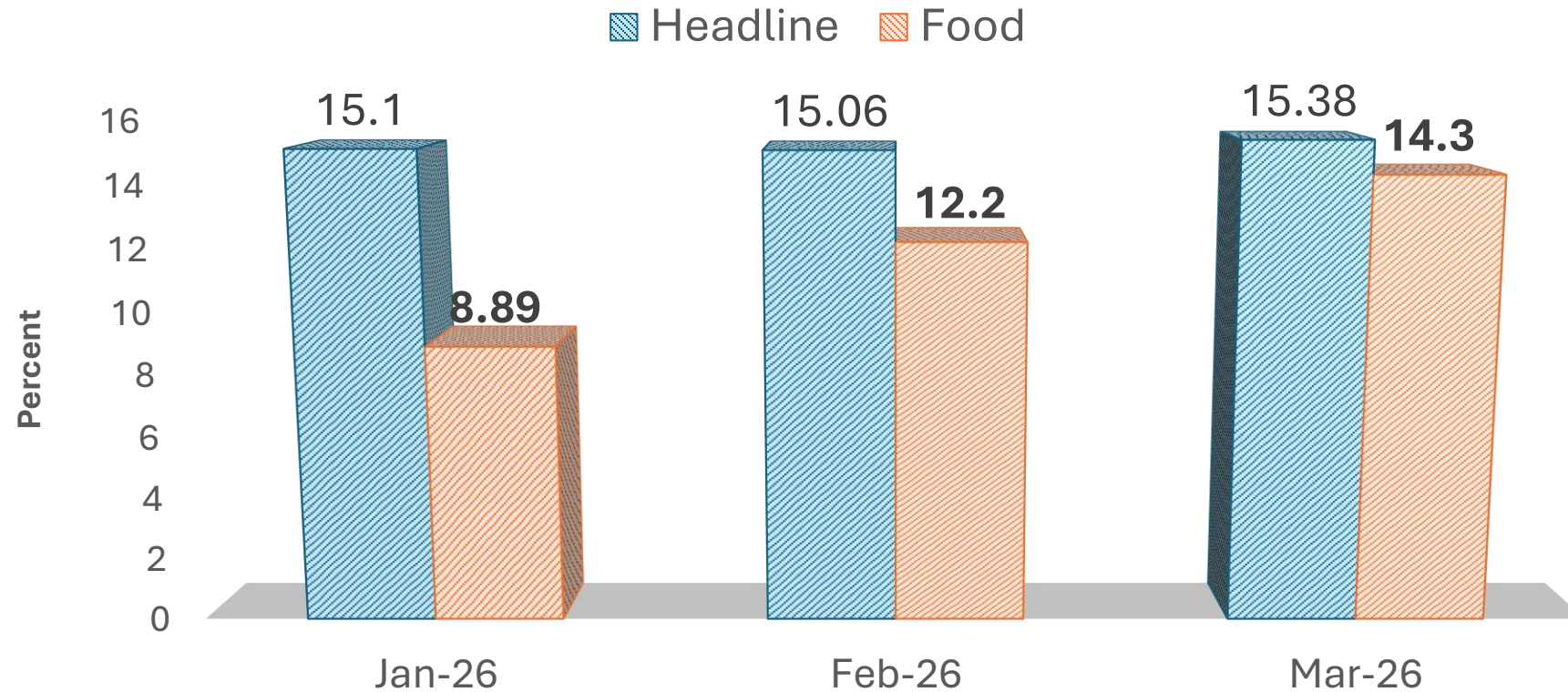
# Inflation & Cost of Living (1)

- Fuel prices ↑ **>50% during crisis**
- Inflation transmission channels:
  - Fuel import costs
  - Logistics & production costs
  - Exchange rate depreciation
- Impact:
  - Rising food prices
  - Increased cost of living
  - Pressure on household welfare
- **Source:** World Bank (2026)

# Inflation & Cost of Living (2)

Economy / Region	Projected Inflation 2026	GDP Growth Forecast 2026	Key Risk
Global-IMF Case (prolonged conflict) Severe	> <b>5.8%</b> (190 bps above baseline)	~ <b>2.0%</b> (Revised ↓ 1.1 %, Near-recession threshold)	Debt crisis in Global South; food/fertilizer dislocation; supply chain disruption.
Sub-Saharan Africa	~ <b>5.0%</b> (+160 bps above baseline)	~ <b>4.3%</b> (Revised ↓ 0.3%-stable overall but with variation across countries)	Deteriorating trade balances for oil importers; spike in logistics costs.
Nigeria	~ <b>16.0%</b> (+240 bps upside risk (IMF))	<b>4.7%</b> (NISER), <b>4.1%</b> (IMF); <b>4.2%</b> (World Bank)—positive terms-of-trade effect offset by rising import costs (30 and 20 points reduction in IMF and WB estimates)	Fiscal Paradox: High oil revenue offset by ₦15.4tn fuel import bill and naira pressure.

# Inflation & Cost of Living –Nigeria (3)

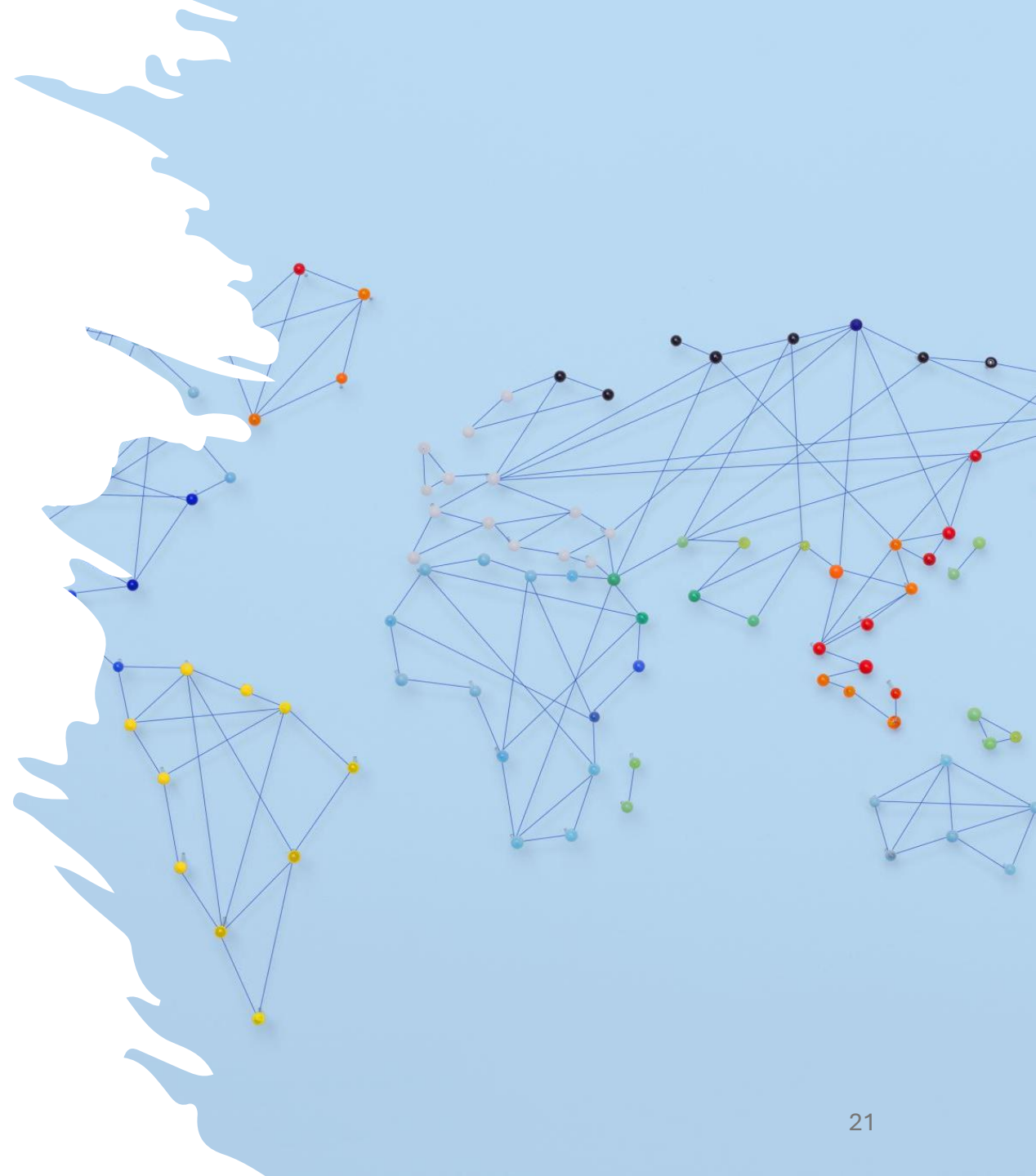


Source: NBS, 2026

# INTERNATIONAL GEOPOLITICS

13/05/2026

21



# International Geopolitics (1)

- UN Security Council Resolution 2817 adopted
- 136 countries supported resolution
- US invoked Article 51 (self-defense)
- Iran condemned strikes as violation of international law
- China & Russia abstained
- **Source:** UN (2026)

# International Geopolitics (2)

Escalation across GCC:

- Large-scale drone & missile attacks

Strait of Hormuz:

- Potential toll system (~\$2 million per vessel)

Strategic positioning:

- China: energy dependence vs Iran ties
- Russia: strategic hedging

Increasing fragmentation of global order

**Source:** Atlantic Council (2026); Washington Institute (2026)



# CONCLUSION

Signature \_\_\_\_\_

Date \_\_\_\_\_



# Conclusion



**Conflict represents a systemic global shock**



**Energy disruption driving:**

Oil, gas, fertiliser price increases



**Global outcomes:**

Rising inflation  
Slowing growth  
Supply chain disruptions



**Disproportionate impact on developing economies**



**Source: IMF (2026); IEA (2026)**



# POLICY RECOMMENDATIONS

# Policy Recommendations (1 – Energy Security)

01

Accelerate domestic refining capacity (large-scale & modular)

02

Expand strategic petroleum reserves

03

Fast-track gas infrastructure development

04

Invest in renewable energy to reduce external vulnerability

# Policy Recommendations (2 – Fiscal & Macro Stability)

SAVE OIL WINDFALLS  
THROUGH  
SOVEREIGN BUFFERS

AVOID EXPANSION  
OF RECURRENT  
EXPENDITURE

MAINTAIN DEBT  
SUSTAINABILITY

BALANCE INFLATION  
CONTROL WITH  
GROWTH SUPPORT

MANAGE  
EXCHANGE RATE  
PASS-THROUGH  
EFFECTS



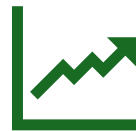
# Policy Recommendations (3 – Cost of Living)



## Strengthen social protection systems:

Targeted cash transfers

Food support programmes



## Improve strategic food reserves



## Support agriculture:

Fertiliser access  
Logistics systems



## Avoid broad-based subsidies

# Policy Recommendations (4 – Strategic Engagement)

1

Promote coordinated regional and global institutional responses

2

Maintain balanced global diplomacy

3

Advocate for energy-vulnerable economies

Thank you for listening

