

# THE IMPACT OF THE UNITED STATES OF AMERICA-ISRAEL AND IRAN MILITARY CONFLICT ON GLOBAL TRADE FLOWS AND SUPPLY CHAINS: A SYSTEMATIC LITERATURE REVIEW

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**Abstract.** This systematic literature review investigated the impact of a potential military conflict between the United States of America (USA), Israel and Iran on global trade flows and supply chain systems. The study adopted the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) approach, drawing on a large number of studies identified through a literature search of several popular academic databases, including Web of Science, Scopus, EBSCOhost, ScienceDirect and JSTOR. Consequently, a total of 52 articles that have undergone the peer-review process and were published between 2020 and 2026 were selected on the basis of their relevance. The present study has identified the following five major transmission channels of the effects of geopolitical conflict on international trade flows and supply chains: energy market disruptions; maritime transit vulnerabilities; trade fragmentation through economic sanctions; supply chain resilience and adaptive strategies; and macroeconomic and sectoral spillovers. Based on the reviewed literature, the following major implications of the current conflict on international trade flows can be identified: instability in energy markets and threats to strategic maritime routes, including the Strait of Hormuz, are likely to impose cost pressures on international trade flows and require the restructuring of global trade. The findings emphasise the importance of strategic diversification and the development of resilient supply chains, as well as prospective policy actions to address the potential for disruption. This study makes theoretical and policy contributions based on the latest scholarly discourse. It emphasises the need for adaptive, technology-facilitated and diversified approaches to ensure the smooth running of international trade in a tense geopolitical environment.

**Keywords:** geopolitical risk, supply chain disruption, trade flows, energy markets, maritime security, economic sanctions, PRISMA.

**JEL Classification:** F1, M19

**Contribution/Originality:** This study advances theory development by combining risk transmission and supply chain resilience theories to explain the impact of geopolitics and conflicts on global trade flows and supply chains.

## Introduction

The world economy is driven by a network of trade and a complex framework of supply chains that link countries in different regions. The integration and interdependence of the global economy has increased the efficiency, productivity and growth of both developed and developing economies. However, according to Baldwin and Freeman (2022), it has also made them more vulnerable to political and economic shocks. One of the most serious risks to this system of operation is large-scale geopolitical events involving major players in the international trade and economic structure, such as the United States of America, Israel

and Iran. These events can lead to significant energy supply disruptions and global market fluctuations. The Middle East is of crucial geopolitical importance to the global energy sector because it accounts for 30% of total crude oil production worldwide and plays a critical role in the global trade of liquefied natural gas. Furthermore, the Strait of Hormuz, connecting the Persian Gulf and the Gulf of Oman, plays a critical role in global trade, facilitating the daily transportation of almost 21 million barrels of crude oil – equivalent to 21% of global petroleum product consumption (Jiang et al., 2023). Any disruption to this vital global energy market chokepoint affects prices, supplies and stability,

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increasing the probability of disturbances to the global energy market. These events will inevitably affect global trade networks and supply chains, leading to economic uncertainty in international markets. This is particularly true of the disruption to the flow of energy resources and the increased costs for businesses that rely on stable energy supplies.

A plethora of studies on energy economics, supply chains and international politics have provided ample evidence of the role played by geopolitics in global trade (Caldara & Iacoviello, 2022; Hosseinkhani, 2025). Several modes of geopolitical risk transmission include variations in the cost of raw materials, logistics and transportation disruptions, economic sanctions, shifts in trade policy, investor distrust and uncertainty in global financial markets. Recent events in the global geopolitical environment, such as the war between Russia and Ukraine and other sources of tension, illustrate the risks and their consequences. These consequences include decreased trade and the restructuring of global supply chains (Sakwa, 2026; Evenett & Fritz, 2021; Sarwar & Rye, 2025). This study is based on two theories: Risk Transmission Theory and Supply Chain Resilience Theory. Risk Transmission Theory explains how disturbances in one part of the world can rapidly spread through interconnected systems globally (Phan et al., 2022). In contrast, Supply Chain Resilience theory is based on a system's ability to adapt and become resilient in the face of external shocks (Kaneberg et al., 2025; Nel, 2024). Despite the extensive research carried out on geopolitics, energy economics, global trade and supply chain disruption, there is a clear research gap regarding these aspects together, particularly in the context of the war between the USA, Israel and Iran. Thus, this systematic review serves not only to evaluate current debates on global conflicts and their impact on supply chains and trade flows, but also to provide economists, global marketers and policymakers with evidence-based information to guide them in preparing for upcoming challenges.

#### **Research Questions:**

This systematic literature review is guided by the following questions:

1. What are the main ways in which the USA-Israel-Iran conflict will influence global trade flows?
2. How will the U.S.-Israel-Iran conflict influence the operational and adaptive resilience of the supply chains?
3. What are the implications for theory and policymakers based on the synthesis of extant literature?

#### **Methodology**

The present systematic literature review is based on the guidelines of the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA), which assist in ensuring that the methodology for

the systematic literature review is transparent and rigorous in terms of its analytical approach and research replicability (Page et al., 2021). PRISMA is a set of guidelines for systematic literature reviews that help ensure that the approach to the review is comprehensive and unbiased. For this study, a literature search was conducted using credible academic databases selected for their comprehensive coverage of peer-reviewed literature in economics, international relations, supply chain management and energy. These databases included the Web of Science Core Collection, Scopus, Business Source Complete (EBSCOhost), ScienceDirect, JSTOR and the University Repository. These databases were searched in February 2026.

#### **Search Strategy, Inclusion and Exclusion of Articles**

For this study, articles were searched for among those published between 2020 and 2026, as these were deemed to be more relevant and informative with regard to the development of geopolitical conflicts, disturbances in trade flows and supply chain logistics, and changes in energy markets. Relevant data was searched for in reliable academic databases and collected in an online Google spreadsheet for further organisation and analysis. As shown in Figure 1, this research used a search method involving Boolean operators such as 'AND' and 'OR'. The main search strings used during the literature review included combinations such as 'geopolitical conflict' AND 'trade flows', 'Middle East conflict' AND 'supply chain disruption', 'Iran sanctions' AND 'global trade', 'energy markets' AND 'trade volatility', 'maritime chokepoints' AND 'logistics', and 'supply chain resilience' AND 'geopolitical risk'. In addition, optional combinations such as 'Strait of Hormuz' AND 'oil transport' and 'economic sanctions' AND 'trade fragmentation' were used to collect information, as shown in Figure 1. Truncation symbols were used in some search strings to include various combinations of words within the search. Although the entire search process is lengthy and meticulous, it is guided by specific inclusion and exclusion criteria.

Articles published between 2020 and 2026 that covered the topics of global trade flows, supply chain disruptions, geopolitics and energy markets were prioritised for inclusion. These articles had to provide reliable empirical findings and theoretical frameworks, be written in English and be indexed in reliable academic databases. Articles were excluded if they only covered military strategy without connecting it to economics or trade, failed to discuss trade processes or supply chains, or were published before 2020. The screening and selection process was conducted in accordance with a structured approach that ensured methodological rigour and objectivity. As demonstrated

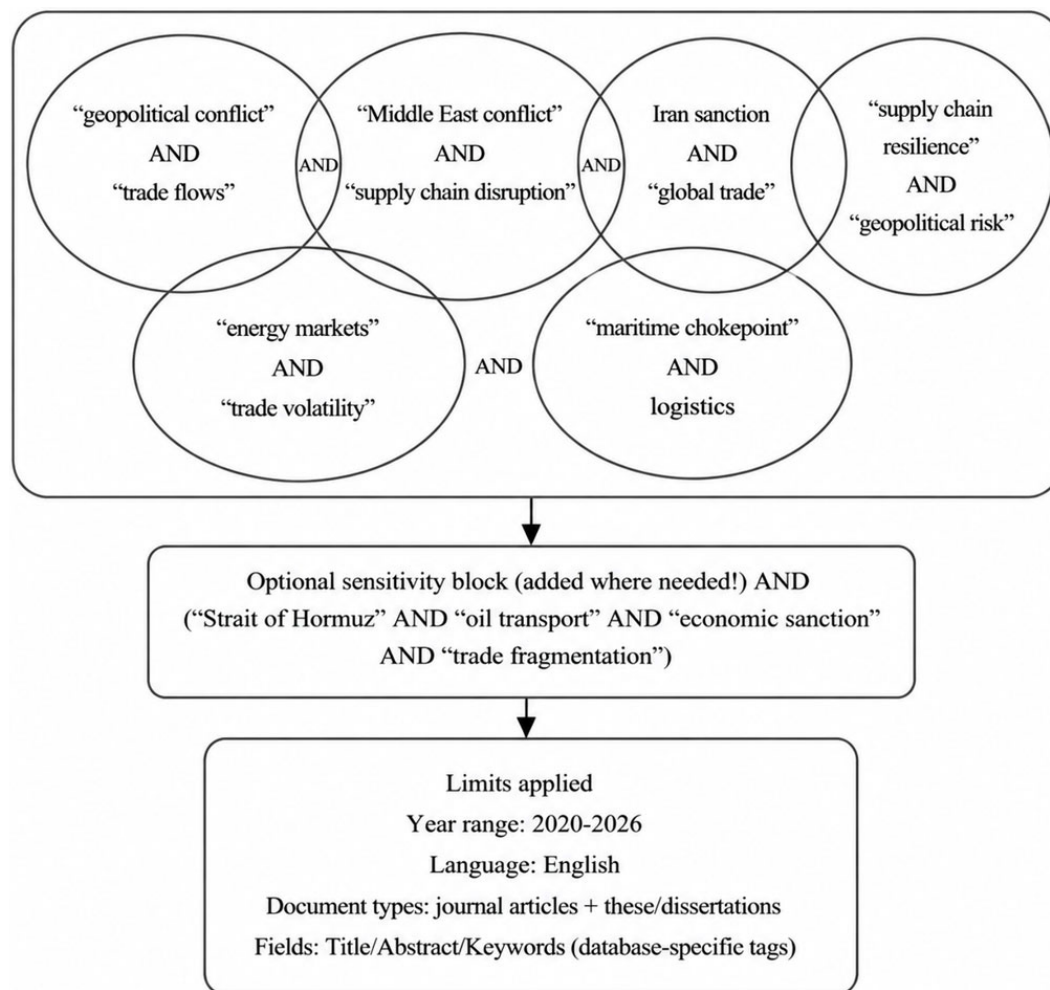


Figure 1. Boolean search strategy

in Figure 2, the preliminary database search yielded 1,247 entries, which were subsequently transferred to a spreadsheet for utilisation in the ensuing phases of the process. In the initial phase of the screening process, the titles of the documents were examined to eliminate those studies that did not align with the subject under investigation. Consequently, 589 papers were excluded, leaving 658 studies for further analysis. In the next phase, the abstracts were carefully read to determine their relevance to the research objective. This process resulted in 421 entries being excluded, leaving 237 papers available for the next stage. In the final phase, a full-text analysis was performed on all the remaining articles to examine their relevance to trade dynamics, supply chains and the economic consequences of geopolitics. Consequently, a further 185 studies were excluded. Following a series of screening processes, only 52 papers were selected for inclusion in the systematic review. The screening process was carried out in several iterations to ensure consistency in the inclusion and exclusion of studies. Figure 1 shows the PRISMA flow diagram illustrating this process.

## Results

As shown in Figure 3, this study comprises 52 papers published between 2020 and 2026. The selected articles were extracted from various peer-reviewed sources, with a focus on geopolitical risks, supply chain issues and economic disruptions. Further analysis of the articles reveals that the highest number of publications (23 articles, or 44.23%) was recorded in 2025. This indicates a growing interest in the subject and the rapid growth of research in this area. The number of articles published in the years 2023 and 2026 is equivalent; that is to say, there are seven articles published (13.46%) in both years. The number of articles published in 2022 was 6 (11.54%), whereas in 2021, the number was 5 (9.62%). With regard to the representation of articles in journals, the highest number is observed in Energy Economics and Finance Research Letters, which account for 2 articles (3.85%), respectively. As illustrated in Figure 3, the distribution of articles published annually is presented as a percentage.

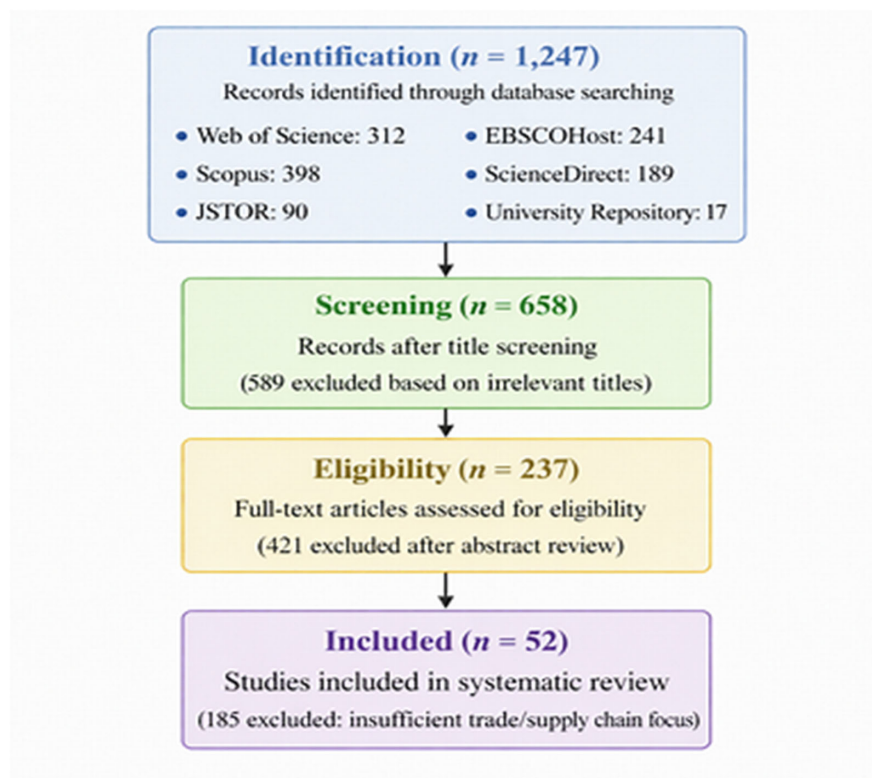


Figure 2. PRISMA flow diagram illustrating the systematic selection process

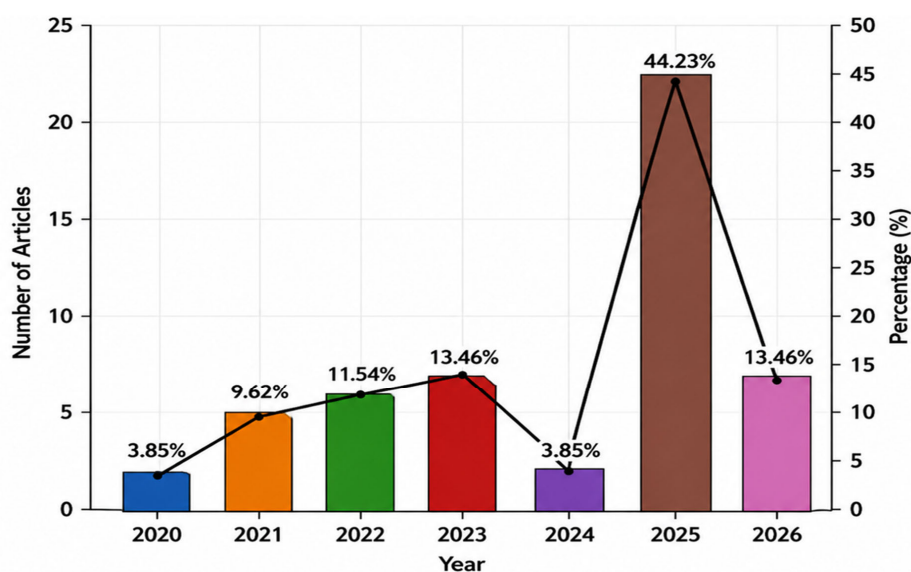


Figure 3. Number of articles published per year

### Themes Regarding the Effects of Geopolitical Conflict on International Trade Flows and Supply Chains

Thematic synthesis was employed to categorise all extracted information into five primary groups that illustrate the impact of geopolitical conflicts on trade and supply chain flows. Based on a synthesis of 52 reviewed

studies, this study adopted a comprehensive approach to defining these mechanisms through the following five transmission mechanisms: energy market disruptions, maritime transit vulnerabilities, trade fragmentation through economic sanctions, supply chain resilience and adaptive strategies, and macroeconomic and sectoral spillovers.

## Energy Market Disruptions

The findings presented in Table 1 indicate that a conflict between the United States, Israel and Iran influences energy market conditions and international trading systems. In this regard, it is imperative to acknowledge the pivotal role of the Middle East region within the global energy production system. Hunter (2023) asserts that the Middle East is a significant contributor to the global market, with a notable output of oil products and liquefied natural gas exports. Therefore, any instability in the region will inevitably cause global disruption to energy markets. Moreover, according to Jaafar's (2026) research, the conflict itself will lead to market instability and disruption to the most important chokepoints that facilitate oil exports from the region. Therefore, the conflict's potential to create uncertainty is sufficient to cause instability within energy markets and the global economy.

The reviewed literature provides evidence of the influence of political instability on energy market volatility (Varkey & Johny, 2026). The results suggest a positive correlation between geopolitical risks in the Middle East and fluctuations in energy prices. Therefore, a military conflict involving the United States, Israel and Iran would cause oil prices to rise rapidly. Furthermore, empirical data from ongoing conflicts suggests similar trends. For instance, the Russia-Ukraine conflict has resulted in a sharp rise in energy prices due to geopolitical tensions. Therefore, similar effects should be anticipated during the conflict in the Middle East. However, Sun (2022) asserts that the world should expect significant price fluctuations due to the Middle East's role in the global fuel supply. Furthermore, a study by Khan et al. (2025) notes that rising oil prices lead to increased transport and logistics costs, as these processes are directly associated with higher fuel prices. The current conflict between the USA, Israel and Iran will inevitably increase the cost of moving goods, which will have a negative impact on international trade and the cost of goods.

As shown in Table 1, disruptions in energy markets will have a negative impact on the activity of energy-intensive industries. Thus, geopolitical risks have a negative impact on supply chain management and industrial production capacity, leading to increased costs and reduced operational efficiency. Consequently, industries that depend on energy inputs will struggle during periods of geopolitical tension in the Middle East (Manesh et al., 2025; Yadav et al., 2025). It is therefore imperative to understand how organisations react during periods of energy market disruption. According to Wu et al. (2025) and Yu et al. (2025), supply chain disruptions and volatility in the energy market force organisations to reconsider their energy procurement strategies. This often leads them to turn to regions that are considered safe in terms of geopolitical stability.

Zhao et al. (2026), however, argue that there is a direct correlation between energy market stability and energy source diversification. Therefore, when considering the potential implications of tension in the Middle East, it is important to bear in mind that countries that rely on imports will certainly be adversely affected, particularly with regard to energy prices and supply security. This could further destabilise their energy markets.

Furthermore, Roscoe et al. (2022) argue that firms proactively reshape their supply chains during conflict to enhance flexibility and adaptability. Such measures impact the overall configuration of global trade networks. Furthermore, the findings in Table 1 highlight the importance of policy-related aspects of energy market disruption and geopolitical tensions. Specifically, Williams (2025) states that political uncertainty increases the likelihood of oil shocks. Therefore, it is crucial for governments to implement effective policies to prevent potential disruptions.

## Maritime Transit Vulnerabilities

As shown in Table 2, international business relies heavily on vital maritime corridors such as the Strait of Hormuz. As Jiang et al. (2023) argue, this chokepoint facilitates a substantial proportion of global oil and gas deliveries, playing a pivotal role in the transportation of energy resources from the Middle East to the international market. Therefore, any disruption to this area would automatically have immediate consequences for the world economy if countries such as the USA, Israel and Iran were to become embroiled in a war. This chokepoint is a vulnerable element of maritime transit due to its significant role in global trade and the absence of alternative solutions. Disruption could lead to increased shipping costs and delays in the supply chain.

The literature review on vulnerability in contemporary shipping highlights the high degree of susceptibility of modern maritime systems as a considerable problem. Notteboom et al. (2021) state that global supply chains optimise their operations for efficiency. More specifically, global shipping systems generally operate based on the just-in-time principle, meaning that disruptions are highly probable due to the constant need for transport. Furthermore, Patel (2023) emphasises that connectivity in global shipping is of paramount importance, as delays in one part of the world will result in delays elsewhere. Meza et al. (2022), on the other hand, argue that disruption to shipping lanes at maritime chokepoints is another risk factor. Thus, the reviewed sources prove that the current global shipping system lacks the robustness and flexibility required to tolerate any disruptions. According to the reviewed sources, there are several risks associated

Table 1

**Summary of selected studies on energy market disruption**

| Study (Authors)                   | Journal Name/ Publisher & Year                                                | Methodology                        | Key Findings                                                                                   | Implications                                                            | Geographical Focus   |
|-----------------------------------|-------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------|
| <b>Jaafar (2026)</b>              | <i>Springer Nature</i>                                                        | Conceptual / geopolitical analysis | Middle Eastern conflicts add instability to oil production and oil transportation.             | Oil supply disruptions put global trade in jeopardy.                    | Middle East / Global |
| <b>Varkey &amp; Johnny (2026)</b> | <i>Energy Economics and Policy</i> (2026)                                     | Theoretical / analytical           | Geopolitical risks are highly correlated with oil price volatility.                            | Energy markets are very vulnerable to any form of political unrest.     | Middle East / Global |
| <b>Sun (2022)</b>                 | <i>MHEHD Conference Proceedings</i> (2022)                                    | Empirical / case-based             | Wartime situations lead to a drastic increase in energy prices (up to 300% for gas in Europe). | Energy shocks are quickly transmitted around the globe.                 | Europe / Global      |
| <b>Khan et al. (2025)</b>         | <i>European Transport Research Review</i> (2025)                              | Quantitative modelling             | Price fluctuations in oil influence the cost of freight transport.                             | Volatility reduces logistics profitability.                             | Global / Maritime    |
| <b>Manesh et al. (2025)</b>       | <i>Management Strategies and Engineering Sciences</i> (2025)                  | Empirical analysis                 | Energy volatility makes industries less competitive.                                           | Energy-intensive sectors are experiencing the impact of rising costs.   | Global               |
| <b>Yadav et al. (2025)</b>        | <i>Lex Localis</i> (2025)                                                     | Conceptual / modelling             | Geopolitical risks decrease the resiliency of logistics and industry.                          | Strategic planning is required for a robust logistics/supply chain.     | Global               |
| <b>Wu (2025)</b>                  | <i>Energy Economics</i> (2025)                                                | Quantile/time-scale analysis       | Supply pressures and oil shocks upset market balance.                                          | Where there is instability, firms should shift their sourcing strategy. | Global               |
| <b>Yu et al. (2025)</b>           | <i>Sustainability</i> (2025)                                                  | Econometric modelling              | Supply chain pressures greatly affect oil prices.                                              | Energy markets on a global level are interconnected.                    | Global               |
| <b>Roscoe et al. (2022)</b>       | <i>International Journal of Operations &amp; Production Management</i> (2022) | Case-based / conceptual            | Supply chain networks are redesigned due to geopolitical disruptions.                          | Adaptive approaches in logistics strategies by firms.                   | Global               |
| <b>Williams (2025)</b>            | <i>Economies</i> (2025)                                                       | Empirical analysis                 | Political instability aggravates oil shocks and logistics pressures.                           | Market stability requires policy interventions.                         | Global               |
| <b>Zhao et al. (2026)</b>         | <i>Energy Economics</i> (2026)                                                | Cross-country empirical study      | Geopolitical risks impact energy security and the openness of international markets.           | Energy diversification is vital for stability.                          | Global               |

with shipping through the Strait of Hormuz in the event of a military or political conflict. For example, Rai (2025) identifies three potential risks: attacks on ships, the use of naval mines and the closure of the straits. All of these risks could lead to disruption. Furthermore, Sun et al. (2025) state that these risks could result in higher shipping insurance rates, thereby increasing the cost of transporting goods. For example, the costs of insuring the ship could rise sharply in situations involving geopolitical events, hence increasing shipping expenses. Additionally, Khan et al. (2025) point out that any attempt to mitigate risk could result in transit delays of ten to fifteen days on the Cape of Good Hope route.

One of the factors that can affect the level of vulnerability of the maritime industry is the significance of the role that port infrastructure plays in the

current modern global shipping industry. Literature emphasises the critical role played by the ports of the Persian Gulf in the operation of the maritime shipping sector. Patel (2023) asserts that the ports of the Persian Gulf hold significant importance within the global maritime business sector, primarily due to their role as major hubs for the transportation of oil and liquefied natural gas, in addition to facilitating international shipping. In their 2025 study, Ahmed and Sohag posited that the disruption of ports in the Persian Gulf has the potential to exert a deleterious effect on global stock markets, concomitantly engendering a state of uncertainty within financial markets. Furthermore, Bratko et al. (2025) posit that supply chain activities around the globe using the ports of the Persian Gulf region may be vulnerable to disruptions. For instance, Monge et al. (2023) have indicated that the risks

associated with geopolitical events in international shipping result in increased shipping costs and oil prices. In this regard, the overall economic consequences are likely to be more substantial. Additionally, Georgoulas et al. (2026) suggest that the consequences of such events are likely to be felt in countries that rely heavily on international shipping through the Strait of Hormuz. Miljkovic and Trnavac (2023) argue that vulnerabilities in maritime transit have a negative impact on trade flows, which subsequently reduces economic growth prospects for countries that depend on the Strait of Hormuz for their shipping routes.

### Tade Fragmentation and Economic Sanctions

Table 3 shows that economic sanctions are considered one of the most powerful tools countries use to influence international trade without resorting to military action. The findings from the reviewed literature imply that sanctions are employed to exert pressure on target countries by limiting their trade and participation in global economic processes. Furthermore, Felbermayr et al. (2020) demonstrate that sanctions are prevalent in the global trade system, affecting the relationships and trade activities of targeted states. At the same time, Morgan et al. (2023)

Table 2

#### Summary of key studies on maritime vulnerability

| Study (Authors)                       | Journal Name/ Publisher & Year                     | Methodology                         | Key Findings                                                                                                          | Implications                                                                                                                                       | Geographical Focus   |
|---------------------------------------|----------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Jiang et al. (2023)</b>            | <i>Risk Analysis</i> (2023)                        | Quantitative modelling              | The Strait of Hormuz accounts for approximately 21% of the world's oil trade and transport of large LNG consignments. | A vulnerability assessment of straits and canals in maritime transport could help improve the coordination and co-operation of maritime resources. | Middle East / Global |
| <b>Notteboom et al. (2021)</b>        | <i>Maritime Economics &amp; Logistics</i> (2021)   | Empirical / comparative analysis    | Disruption of maritime transportation causes chain effects on the global supply chain.                                | A just-in-time system makes itself vulnerable to shocks.                                                                                           | Global               |
| <b>Patel (2023)</b>                   | <i>BULLET: Jurnal Multidisiplin Ilmu</i> (2023)    | Descriptive / global trade analysis | Chokepoints and ports play vital roles in the international trade system.                                             | Disruptions impact both energy and cargo trade.                                                                                                    | Global               |
| <b>Meza et al. (2022)</b>             | <i>Maritime Transport Research</i> (2022)          | Agent-based modelling               | Disruptions in chokepoints cause substantial impacts on LNG flows.                                                    | Energy trade is very sensitive to disruption in routes.                                                                                            | Global / Maritime    |
| <b>Rai (2025)</b>                     | <i>Journal of Transportation Security</i> (2025)   | Conceptual / risk analysis          | Scenarios of conflicts involve closing passages, attacking vessels, and routing changes.                              | Insecurity in the maritime environment causes delays in international trade.                                                                       | Middle East / Global |
| <b>Sun et al. (2025)</b>              | <i>Research in Transportation Economics</i> (2025) | Econometric analysis                | Conflicts trigger an increase in insurance and shipping costs.                                                        | Higher freight costs lead to higher commodity prices worldwide.                                                                                    | Global               |
| <b>Khan et al. (2025)</b>             | <i>European Transport Research Review</i> (2025)   | Quantitative modelling              | Rerouting increases shipping costs to cover an increase in transit of 10–15 days.                                     | Extended route length is less efficient and costly in logistics.                                                                                   | Global / Maritime    |
| <b>Afesorgbor et al. (2025)</b>       | <i>The World Economy</i> (2025)                    | Empirical analysis                  | Trade disruption is normally a function of geopolitical tensions and policies.                                        | Global trade becomes fragmented during conflict.                                                                                                   | Global               |
| <b>Ahmed &amp; Sohag (2025)</b>       | <i>Eurasian Economic Review</i> (2025)             | Econometric modelling               | Geopolitical tension influences financial stress and trade systems.                                                   | Disruptions in the maritime domain impact financial markets.                                                                                       | Global               |
| <b>Bratko et al. (2025)</b>           | <i>Acta Logistica</i> (2025)                       | Case-based / logistics analysis     | Supply chains become highly susceptible to geopolitical tension.                                                      | Supply chain networks require flexibility to adapt to changing business environments.                                                              | Europe / Global      |
| <b>Monge et al. (2023)</b>            | <i>Energy</i> (2023)                               | Econometric analysis                | Geopolitical risks influence oil prices and freight rates at once.                                                    | A combination of shocks results in a greater impact on trade disruption.                                                                           | Global               |
| <b>Georgoulas et al. (2026)</b>       | <i>Cleaner Logistics and Supply Chain</i> (2026)   | Empirical analysis                  | Maritime trade is asymmetrically exposed to geopolitical risks.                                                       | Some regions experience higher disruption than other regions.                                                                                      | Global / Maritime    |
| <b>Miljkovic &amp; Trnavac (2023)</b> | <i>MEST Journal</i> (2023)                         | Empirical / macroeconomic analysis  | The GDP of economies is affected due to trade and supply chain disruptions.                                           | Trade impact goes beyond the transport industry.                                                                                                   | Europe               |

argue that sanctions should be considered instruments of economic and political power that shape the relationships between countries. In the context of the ongoing military conflict between the US, Israel and Iran, it is likely that existing limitations on trade with other nations will be extended.

According to Morgan et al. (2025), sanctions fragment global trade by preventing target countries from establishing connections and conducting economic activities outside their sanctioned region. Furthermore, Gaur et al. (2026) observe that economic sanctions result in significant alterations to the organisation of global trade networks, as countries and businesses must adapt to new circumstances. Rather than enjoying the benefits of free trade within a unified global trade network, countries affected by sanctions face increased trade barriers, reduced market access and potential economic isolation.

The table also highlights a third notable theme: the impact of sanctions on trade. Sarwar and Rye (2025) provide substantial evidence that sanctions have a significant impact on exports to sanctioned nations. However, their study suggests that certain goods, such as agricultural products or technology, can compensate for such losses when exported to other countries. While this process mitigates the negative impact of sanctions to some extent, the overall volume of trade remains lower than normal. Thus, sanctions affect both direct trade relations and the general trade system.

Sanctions also have a significant effect on businesses. For instance, Chang et al. (2025) demonstrate that companies frequently abandon their markets and relocate to other regions, regardless of sanctions, in order to continue conducting certain business operations. Such measures are primarily associated with legal concerns and organisations' attempts to avoid potential penalties. In addition, Roscoe et al. (2022) observe that companies typically adapt their business strategies in response to sanctions, adjusting the layout of their supply chains. While such steps are likely to increase a company's flexibility, they can have a negative impact on efficiency and cost-effectiveness, as companies may face higher operational expenses and longer delivery times due to adjustments in their supply chains.

One of the major consequences of sanctions relates to financial restrictions. According to the table, Phan et al. (2022) suggest that sanctions typically target the operations of banks, resulting in limited trade financing availability. International trade transactions largely depend on banking services such as lending, insurance and transfers. Therefore, the imposition of financial sanctions renders such interactions practically impossible. Furthermore, Miljkovic and Trnavac (2023) observe that sanctions can hinder economic growth by restricting trade and investment transactions. For example, financial sanctions would most likely prevent Iran from exporting its primary product – oil.

In addition to the aforementioned effects, the table below illustrates the impact of sanctions on supply chain processes. According to Nel (2024), enterprises must perform thorough checks and assessments to demonstrate their compliance with the sanctions. This is a time-consuming and resource-intensive practice. Furthermore, organisations should carefully analyse transactions and revise their partnerships and agreements with suppliers. In this way, the effectiveness of the entire trading process decreases, resulting in increased costs and reduced profitability for the businesses involved in these transactions. Furthermore, Riaz et al. (2025) state that uncertainties associated with sanctions lead to investments being postponed or cancelled because businesses are afraid of incurring further expenses. This ultimately contributes to a decline in overall economic stability and growth. Balakrishnan and Ramanathan (2021) point out that although the use of digital technologies can make businesses more resilient, it cannot address the challenges caused by geopolitical instability, such as supply chain disruption and fluctuating market demand.

As previously mentioned, the introduced sanctions may lead to disruptions in the delivery of critical goods. Sarwar and Rye (2025) state that sanctions against key suppliers could result in shortages of essential goods, including agricultural produce, food products and minerals. For instance, disturbances to the supply of goods such as wheat and fertiliser can occur on a large scale, given that many countries depend on imports. Thus, sanctions may influence not only trade, but also other areas of economic activity, such as agricultural production, food security and the overall economic stability of affected countries.

To avoid the negative effects of sanctions, companies employ various approaches. According to Nel (2024), these include improving inventory management, diversifying suppliers and implementing flexible agreements. Similarly, Chang et al. (2025) suggest that organisations invest in compliance systems to control all business operations. While these measures enable firms to overcome challenges, they can negatively impact the effectiveness of trade.

### **Supply Chain Resilience and Adaptive Strategies**

As illustrated in Table 4 (Supply Chain Resilience and Adaptive Strategies), the presented results demonstrate how companies respond to disruptions resulting from geopolitical conflict, particularly in the event of a military confrontation, such as that between the US, Israel, and Iran. As is evident from the literature, the resilience of the supply chain is key to companies' effectiveness in handling any disruptions. According to Kaneberg et al. (2025), resilient firms possess strong organisational capabilities, including flexibility and

Table 3

**Trade fragmentation and economic sanctions**

| Study (Authors)                             | Journal Name/ Publisher & Year                                                | Methodology                   | Key Findings                                                                                                       | Implications                                                                                        | Geographical Focus |
|---------------------------------------------|-------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------|
| <b>Felbermayr et al. (2020)</b>             | <i>European Economic Review</i> (2020)                                        | Empirical / database analysis | Sanctions are typical tools that shape global trade relations.                                                     | Sanctions transform business relations and inhibit movements.                                       | Global             |
| <b>Morgan et al. (2023)</b>                 | <i>Journal of Economic Perspectives</i> (2023)                                | Conceptual / review           | Sanctions have economic and political impacts on the global market.                                                | Sanctions are critical geopolitical instruments without resorting to the use of military power.     | Global             |
| <b>Gaur et al. (2023)</b>                   | <i>Journal of Management Studies</i> (2023)                                   | Empirical analysis            | Sanctions shape the patterns of global trade flows and business strategy.                                          | Businesses modify their plans under geopolitical influence.                                         | Global             |
| <b>Hosseinkhani (2025)</b>                  | <i>International Economics</i> (2025)                                         | Conceptual / analytical       | Sanctions involve oil embargoes, financial sanctions, and export bans.                                             | General restrictions disrupt business interactions.                                                 | Global / Iran      |
| <b>Morgan et al. (2025)</b>                 | <i>The World Economy</i> (2025)                                               | Empirical analysis            | Sanctions lead to fragmentation in global trade flows.                                                             | Less interaction among sanctioning and non-sanctioning nations                                      | Global             |
| <b>Gaur et al. (2026)</b>                   | <i>Journal of Management Studies</i> (2026)                                   | Empirical / firm-level study  | Sanctions result in the emergence of new global trade patterns.                                                    | Businesses move their activities to bypass restricted business environments.                        | Global             |
| <b>Sarwar &amp; Rye (2025)</b>              | <i>Frontiers in Sustainable Food Systems</i> (2025)                           | Systematic review             | Sanctions lower exports to sanctioned states but boost trade diversion.                                            | Business is redirected to other parties.                                                            | Europe / Global    |
| <b>Chang et al. (2025)</b>                  | <i>Finance Research Letters</i> (2025)                                        | Empirical analysis            | Companies leave sanctioned markets for compliance reasons.                                                         | Reduced global involvement of businesses with sanctioned countries                                  | Global             |
| <b>Roscoe et al. (2022)</b>                 | <i>International Journal of Operations &amp; Production Management</i> (2022) | Case-based / conceptual       | Geopolitical disruptions shape global value chains.                                                                | Flexibility increases in firms.                                                                     | Global             |
| <b>Phan et al. (2022)</b>                   | <i>Finance Research Letters</i> (2022)                                        | Empirical analysis            | Financial sanctions disrupt banks and trade financing.                                                             | Financial constraints limit international business.                                                 | Global             |
| <b>Miljkovic &amp; Trnavac (2023)</b>       | <i>MEST Journal</i> (2023)                                                    | Empirical / macroeconomic     | Sanctions lead to reduced GDP and global trade flows.                                                              | Economic recessions are associated with restricted financial services for international businesses. | Europe             |
| <b>Nel (2024)</b>                           | <i>Journal of Transport and Supply Chain Management</i> (2024)                | Systematic review             | Sanctions increase the cost of compliance and operations.                                                          | Inefficiency caused by high transaction costs.                                                      | Global             |
| <b>Riaz et al. (2025)</b>                   | <i>Humanities &amp; Social Sciences Communications</i> (2025)                 | Empirical analysis            | Geopolitical disruptions affect financial markets and investments.                                                 | Firms defer investments due to uncertainties.                                                       | Global             |
| <b>Balakrishnan &amp; Ramanathan (2021)</b> | <i>Supply Chain Management: An International Journal</i> (2021)               | Empirical / case study        | Technology creates more resilient business models, but these models do not protect against investment disruptions. | Technology helps firms adapt to uncertainties.                                                      | Emerging Markets   |
| <b>Sarwar &amp; Rye (2025)</b>              | <i>Frontiers in Sustainable Food Systems</i> (2025)                           | Systematic review             | Sanctions disrupt supplies of key commodities such as wheat and fertilisers.                                       | The shortage is having an impact on production globally.                                            | Global             |
| <b>Chang et al. (2025)</b>                  | <i>Finance Research Letters</i> (2025)                                        | Empirical analysis            | Companies undertake different measures such as diversification and compliance management.                          | Higher complexities and costs.                                                                      | Global             |
| <b>Nel (2024)</b>                           | <i>Journal of Transport and Supply Chain Management</i> (2024)                | Systematic review             | Resilience strategies used by companies include building stockpiles and making flexible arrangements.              | Improved capability to deal with sanctions, albeit at an increased cost.                            | Global             |

adaptability. Furthermore, Nel (2024) states that such firms recover faster and experience fewer disruptions to their activities. Therefore, resilience is critical for firms operating in the current uncertain global business environment, as it enables them to navigate and mitigate the impact of various disruptions, such as those caused by geopolitical conflicts. Furthermore, the literature suggests that firms face various types of disruption when geopolitical conflicts arise within the global community. According to Ahmed and Sohag (2025), such tensions lead to financial stress and the disruption of trade flows. Similarly, Bratko et al. (2025) argue that global supply chains are highly susceptible to disturbances as they often rely on regions experiencing tension, such as the Middle East. According to Kumar (2026), tensions in the Middle East have disrupted the movement of goods through the Strait of Hormuz, a strategic route.

Table 4 shows that geopolitical conflicts result in economic instability, which negatively affects supply chain operations. The impact of geopolitical conflict therefore extends beyond logistics issues to affect other economic aspects, such as market volatility, investment decisions and consumer confidence. One adaptive strategy employed by businesses to mitigate the effects of geopolitical disruptions is geographic diversification (Ali et al., 2026). According to Chang et al. (2025) and Roscoe et al. (2022), companies can mitigate the risk of supply chain disruption by using multiple suppliers from different regions. For example, if a firm looks for energy sources in several countries rather than just one, the risk of suffering from geopolitical disturbances is reduced. To put it succinctly, geographic diversification acts as a form of redundancy, which is a vital aspect of supply chain resilience (Yadav et al., 2025). Additionally, nearshoring and reshoring have become popular responses to geopolitical disruptions. Specifically, Butollo (2021) notes that companies can bring their facilities closer to their key markets, which helps to shorten their supply chains and reduce their vulnerability to interruptions. This approach is particularly important in the pharmaceutical and technology industries, where products need to be delivered quickly to customers. Shortening and simplifying supply chains could mitigate the risks of geopolitical disturbances, which can lead to delays and increased delivery costs. Ultimately, this would ensure that firms meet customer demands more effectively and maintain a competitive advantage in the market.

Inventory buffering is also considered one of the key methods for handling uncertainty. According to Nel (2024), firms are required to maintain substantial inventory buffers of essential resources as an additional safeguard against disruptions. Although this may increase operating costs, inventory buffering enables organisations to continue production without disruption. Sarwar and Rye (2025) argue that

disruptions affect non-resilient organisations more than resilient ones because they are less efficient. Butollo (2021), however, argues that collaborating with industry, government and other suppliers will enable organisations to manage the impact of disruptions effectively. Hodula et al. (2024) also note that increased coordination will help minimise broader risks due to geopolitical disruptions and financial crises.

### Macroeconomic and Sector Spillovers

Table 5 indicates that geopolitical disturbances can have wide-reaching consequences that extend beyond supply chains and trade. According to Qazi (2025), geopolitical tension creates several spillover impacts in different economic sectors. For instance, Rashid et al. (2026) argue that geopolitical conflicts can affect supply chains and logistics, as well as causing financial market disruptions and changes in household incomes. Therefore, the war between the United States, Israel and Iran will have spillover effects on all economies, both developed and developing. One of the main spillover effects identified in Table 5 is inflation. According to Hosseinkhani (2025), increased oil and gas prices lead to higher inflation rates because production costs rise when energy becomes more expensive. Additionally, rising transportation costs impact the prices of goods and services, leading to higher overall consumer prices and exacerbating inflationary pressures in the economy. Williams (2025) agrees, claiming that rising oil prices can cause inflation to spread through supply chains. Furthermore, Monge et al. (2023) suggest that geopolitical tensions can cause price instability in oil products and transportation, thereby exacerbating inflationary pressures on consumers and businesses. Similarly, Riaz et al. (2025) argue that rising energy prices lead to higher consumer inflation in developed countries.

Additionally, inflation can pose a challenge to monetary policy, as illustrated in the provided table. According to Riaz et al. (2025), central banks are faced with a dilemma when attempting to respond to conflict-related inflation. On the one hand, raising interest rates may be necessary to counteract conflict-related inflation, but this would also reduce economic activity, potentially leading to higher unemployment and decreased consumer spending. Therefore, the central bank must consider both options and weigh up the pros and cons of each. Controlling inflation is more complicated in this case due to its nature, particularly because domestic inflation rates are influenced by external factors such as global supply chain disruptions and fluctuating commodity prices. This problem originates from outside the country, making the process much more challenging, particularly because it involves factors such as global supply chain disruptions and international commodity price changes. Another factor

Table 4

**Supply Chain Resilience and Adaptive Strategies**

| Study (Authors)                 | Journal/Publisher & Year                                                      | Methodology                             | Key Findings                                                                                                | Implications                                                               | Geographical Focus     |
|---------------------------------|-------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------|
| <b>Kaneberg et al. (2025)</b>   | <i>Production &amp; Manufacturing Research</i> (2025)                         | Empirical / balanced scorecard approach | Supply chain resilience depends on flexibility, visibility, and adaptability.                               | Firms require dynamic capabilities to survive disruption.                  | Global                 |
| <b>Nel (2024)</b>               | <i>Journal of Transport and Supply Chain Management</i> (2024)                | Systematic review                       | A resilient supply chain is one that is able to bounce back quickly and uses strategies like buffer stocks. | Increased inventory helps improve continuity in disruptions.               | Global                 |
| <b>Ahmed &amp; Sohag (2025)</b> | <i>Eurasian Economic Review</i> (2025)                                        | Econometric modelling                   | Geopolitical events affect the supply chain and add to financial pressures.                                 | Enhanced resilience decreases vulnerability.                               | Global                 |
| <b>Bratko et al. (2025)</b>     | <i>Acta Logistica</i> (2025)                                                  | Case-based / logistics analysis         | The supply chain becomes highly susceptible to geopolitics.                                                 | Firms require adapted logistics techniques.                                | Europe / Global        |
| <b>Kumar (2026)</b>             | <i>Antipode</i> (2026)                                                        | Conceptual / geopolitical analysis      | Conflict zones hinder international logistics and the supply chain.                                         | Increased exposure to conflict zones raises risks in the supply chain.     | Middle East / Global   |
| <b>Ali et al. (2026)</b>        | <i>Pakistan Journal of Social Science Review</i> (2026)                       | Empirical analysis                      | War situations reduce the efficiency of the supply chain and the economy.                                   | Resilience is crucial for stability.                                       | Middle East / Regional |
| <b>Butollo (2021)</b>           | <i>Competition &amp; Change</i> (2021)                                        | descriptive analysis                    | Near-shoring, on-shoring, and collaboration ensure resilience.                                              | Firms minimise their dependence on lengthy global supply chains.           | Global                 |
| <b>Yadav et al. (2025)</b>      | <i>Lex Localis</i> (2025)                                                     | Conceptual / modelling                  | A resilient supply chain involves redundancy, adaptability, and visibility.                                 | Effective strategic planning enhances flexibility within the supply chain. | Global                 |
| <b>Sarwar &amp; Rye (2025)</b>  | <i>Frontiers in Sustainable Food Systems</i> (2025)                           | Systematic review                       | A resilient supply chain experiences minimal disruption.                                                    | Diversification decreases dependence risks.                                | Global                 |
| <b>Hodula et al. (2024)</b>     | BOFIT Discussion Papers (2024)                                                | Empirical / macro-financial analysis    | Geopolitical risks affect the stability of the supply chain and finances.                                   | Good systems decrease risks.                                               | Global                 |
| <b>Chang et al. (2025)</b>      | <i>Finance Research Letters</i> (2025)                                        | Empirical analysis                      | Diversity and flexibility within contracts help companies cope with risks.                                  | Geographical diversification mitigates conflict risks.                     | Global                 |
| <b>Roscoe et al. (2022)</b>     | <i>International Journal of Operations &amp; Production Management</i> (2022) | Case-based / conceptual                 | The supply chain is redesigned owing to diversity.                                                          | Decreased dependence on one region leads to resilience.                    | Global                 |

to consider is currency fluctuation, which can have macroeconomic and sectoral spillovers. For example, Phan et al. (2022) claim that investors move their funds from emerging countries to safe havens, which causes currency rates to fluctuate. Specifically, the US dollar becomes overvalued while the value of the local currency decreases. Roscoe et al. (2022), on the other hand, claim that geopolitical risk and supply chain disruptions can impact exchange rates. These factors can have significant consequences for international businesses as they impact the cost of exporting and importing goods.

As shown in Table 5, market volatility is a key feature of both macroeconomic and sectoral spillovers. For instance, Ahmed and Sohag (2025) demonstrate that

geopolitical risks can lead to instability in various sectors. Phan et al. (2022) and Riaz et al. (2025) both state that market volatility increases due to existing uncertainty related to conflict. Consequently, it becomes more challenging to forecast and plan actions, resulting in reduced firm investment and slower economic processes. In the event of a major conflict, market volatility can spread very quickly around the world. The impact of geopolitical conflicts on different economic sectors varies. According to Ghafoori et al. (2025), some sectors, such as energy and defence, can experience growth in prices and demand. Conversely, sectors such as manufacturing and transport are adversely affected due to their dependence on expensive energy sources. Therefore, Negri et al. (2023) argue that the

management of this issue would vary between countries depending on their policy approaches and governance systems. It is also clear that the effects of geopolitics include long-term changes in trading relationships between countries. For instance, Evenett and Fritz (2021) contend that geopolitical tensions could affect international relations, resulting in modifications to trading agreements. Hodula et al. (2024) share this view, adding that geopolitical risks pose threats to global trade and finance. Similarly, Sarwar and Rye (2025) and Miljkovic and Trnavac (2023) argue that the effects of conflict may persist beyond its occurrence and alter the trading structure of the nations involved. Another key theme identified is that of supply chain pressures. Wu (2025) argues that supply chain pressures are universal globally and that they are normally enhanced during times of geopolitical tensions. This argument concurs with the idea expressed by Balakrishnan and Ramanathan (2021) that whenever there are pressures in one industry, it would result in a ripple effect on others.

## Discussion

This study is a systematic literature review based on 52 academic papers analysing the impact of geopolitical conflict between the United States of America, Israel, and Iran on global trade flows and supply chain networks. The results of the analysis, which is based on literature from the fields of energy economics, maritime logistics, international trade, supply chain management and macroeconomics, are presented in response to three research questions.

### RQ1

#### **What are the main ways in which the USA–Israel–Iran conflict will influence global trade flows?**

The findings of this study indicate that the conflict between the USA, Israel and Iran will cause disruption to the energy market. A review of the literature reveals that the Middle East plays a significant role in global oil supplies and that any threat to this region leads to an increase in energy prices on an international scale. Furthermore, energy prices rise even when no disruptions have occurred, due to uncertainties in the global energy market (Williams, 2025; Yu et al., 2025; Roscoe et al., 2022). This implies that changes in energy prices result in increased costs for global commerce and transportation, thereby affecting consumers who face higher prices.

The findings also show that the conflict will lead to maritime and port disruptions, including at strategic chokepoints such as the Strait of Hormuz. Reviewed literature indicates that such disruptions result in significant delays, higher insurance costs, and vessel rerouting (Sun et al., 2025; Khan et al., 2025; Patel, 2023). The growth in these effects cannot be linear. Instead, it increases exponentially, resulting in the

bottlenecking of global shipping systems. The findings also show that such conflicts lead to economic sanctions and trade fragmentation. A review of the literature reveals that modern economic sanctions are highly intricate, impacting not only direct trade relations, but also global finance and the economies of other countries (Felbermayr et al., 2020; Morgan et al., 2023; Gaur et al., 2023).

### RQ2

#### **How will the USA–Israel–Iran conflict influence the operational and adaptive resilience of the supply chain?**

The findings show that resilience plays a critical role in how businesses react to geopolitical disruption. This suggests that resilient organisations are better able to respond to disruptive challenges. Furthermore, organisations with diversified supply chain management systems are less affected by geopolitical disruptions. Therefore, organisations that source materials from multiple locations are better able to withstand disruption caused by conflict (Kaneberg et al., 2025; Nel, 2024; Ahmed & Sohag, 2025; Bratko et al., 2025). In contrast, firms that source goods from only one area will be at great risk due to geopolitical disruption because they lack the flexibility to shift their supply chains to alternative sources in response to conflicts or instability in that region. This can lead to significant financial losses and operational challenges.

The literature also contains many strategies to help build organisational resilience, including supplier diversification; nearshoring and reshoring; building buffer stock; using digital supply chain tools; flexible contracts; and risk management. Firms that adopt geographical diversification limit their exposure to regional conflicts of any kind (Chang et al., 2025; Roscoe et al., 2022). Similarly, Butollo (2021) states that firms that adopt nearshoring decrease their exposure to lengthy shipping lines, which are vulnerable to risks such as delays and increased costs resulting from geopolitical tensions or natural disasters. Furthermore, digitalisation enhances the ability to monitor and respond effectively to disruptions (Queiroz et al., 2020; Kaneberg et al., 2025), thereby mitigating the associated risks and enhancing supply chain resilience.

### RQ3

#### **What are the implications for theory and policymakers based on the synthesis of extant literature?**

From a theoretical perspective, the findings demonstrate that global trade and supply chains function as an interconnected, complex system. Therefore, problems in one sector, such as energy or logistics, tend to affect others, including finance, inflation and production systems. Therefore, geopolitical risks should be considered systemic rather than isolated. Furthermore, the findings clearly demonstrate that macroeconomic factors such as inflation levels,

Table 5

**Macroeconomic and Sectoral Spillovers**

| Study (Authors)                             | Journal Name/<br>Publisher & Year                                             | Methodology                          | Key Findings                                                              | Implications                                                                         | Geographical<br>Focus |
|---------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------|
| <b>Qazi (2025)</b>                          | <i>Natural Hazards Research</i> (2025)                                        | Conceptual / systems analysis        | Macroeconomic systems are affected by geopolitical risks.                 | Disruptions go beyond trade and influence overall economic performance.              | Global                |
| <b>Rashid et al. (2026)</b>                 | <i>Open Journal of Interdisciplinary Studies</i> (2026)                       | Empirical / regional analysis        | Risks that arise due to conflict affect the economy.                      | The spillover effects are multisectoral.                                             | South Asia / Global   |
| <b>Hosseinkhani (2025)</b>                  | <i>International Economics</i> (2025)                                         | Conceptual / analytical              | Economic risks affect the prices and flow of energy.                      | Increased energy prices boost production and the cost of living.                     | Global                |
| <b>Williams (2025)</b>                      | <i>Economies</i> (2025)                                                       | Empirical analysis                   | Economic risks due to oil affect supply chains and inflation.             | Inflation impacts companies and households.                                          | Global                |
| <b>Monge et al. (2023)</b>                  | <i>Energy</i> (2023)                                                          | Econometric analysis                 | Geopolitical risks contribute to volatile oil and freight prices.         | Higher prices impact the international trading network.                              | Global                |
| <b>Riaz et al. (2025)</b>                   | <i>Humanities &amp; Social Sciences Communications</i> (2025)                 | Empirical analysis                   | Inflation and economic policy are affected by energy risks.               | Central banks have to balance price stability and growth.                            | Global                |
| <b>Phan et al. (2022)</b>                   | <i>Finance Research Letters</i> (2022)                                        | Empirical analysis                   | Geopolitical risks affect currencies and economic systems.                | The currencies of safe havens appreciate, while those of other countries depreciate. | Global                |
| <b>Roscoe et al. (2022)</b>                 | <i>International Journal of Operations &amp; Production Management</i> (2022) | Conceptual / case-based              | Supply chains have an impact on financial systems.                        | Companies have to adjust to volatile financial markets.                              | Global                |
| <b>Ahmed &amp; Sohag (2025)</b>             | <i>Eurasian Economic Review</i> (2025)                                        | Econometric modelling                | Financial markets become more volatile because of geopolitical risks.     | Financial markets are highly unpredictable during conflicts.                         | Global                |
| <b>Ghafoori et al. (2025)</b>               | <i>Studies in Conflict &amp; Terrorism</i> (2025)                             | Empirical analysis                   | Sectors get affected differently by conflicts.                            | The defence and energy industries could benefit from conflicts.                      | Middle East / Global  |
| <b>Negri et al. (2023)</b>                  | <i>Frontiers in Environmental Science</i> (2023)                              | Empirical / policy analysis          | Sectors and war affect the economic system.                               | Governance influences capacity to cope with disruptions.                             | Europe                |
| <b>Evenett &amp; Fritz (2021)</b>           | CEPR Press (2021)                                                             | Policy / trade analysis              | Conflicts cause long-lasting restructuring of trading systems.            | Trade patterns remain altered post-conflict.                                         | Global                |
| <b>Hodula et al. (2024)</b>                 | BOFIT Discussion Papers (2024)                                                | Empirical / macro-financial analysis | Financial and trade systems are changed by geopolitical risks.            | Structural impacts on global stability arise.                                        | Global                |
| <b>Sarwar &amp; Rye (2025)</b>              | <i>Frontiers in Sustainable Food Systems</i> (2025)                           | Systematic review                    | Conflicts disrupt supply chains and trading partnerships.                 | Changes in global trade patterns on a long-term basis.                               | Global                |
| <b>Miljkovic &amp; Trnavac (2023)</b>       | <i>MEST Journal</i> (2023)                                                    | Empirical / macroeconomic analysis   | There is less trade and economic growth due to conflicts.                 | Economic structures are affected for the long term.                                  | Europe                |
| <b>Wu (2025)</b>                            | <i>Energy Economics</i> (2025)                                                | Quantitative / econometric analysis  | Supply chain pressure is influenced by cumulative effects of disruptions. | Pressure within the system is amplified by geopolitical shocks.                      | Global                |
| <b>Balakrishnan &amp; Ramanathan (2021)</b> | <i>Supply Chain Management: An International Journal</i> (2021)               | Empirical / case study               | Supply chain pressures are interconnected and amplified due to crises.    | Disruptions spill over to other sectors and regions.                                 | Emerging Markets      |

currency value and instability can have a significant impact on the trade process (Abdel-Latif et al., 2025; Hosseinkhani, 2025; Riaz et al., 2025; Miljkovic & Trnavac, 2023). For policymakers, the results have several implications. It is important to emphasise that diversifying energy sources is crucial in helping countries reduce their reliance on unstable regions. Additionally, efforts must be made to improve maritime security and establish alternative transport routes to minimise the impact of potential disruptions at chokepoints.

## Conclusions

This systematic review, based on 52 peer-reviewed sources published between 2020 and 2026, shows that a conflict involving the United States, Israel and Iran would affect global trade and supply chain processes. The analysis reveals that the impact of the conflict will be felt across many sectors and regions of the global economy. The findings of this study show that the conflict will lead to disruption in the energy market. The Middle Eastern region is the primary supplier of global oil and gas. Consequently, the ongoing conflict has been shown to result in rising energy prices due to potential supply uncertainty and volatility in financial markets (Williams, 2025; Yu et al., 2025). In other words, an increase in energy prices will result in higher transportation expenses, production costs and prices for global goods.

The conflict will also lead to disruption to maritime shipping through the disruption of major shipping lanes. This study suggests that even minor changes to the situation around maritime passages can lead to substantial increases in shipping prices due to the use of alternative routes, insurance charges, and delay costs (Sun et al., 2025; Khan et al., 2025). Consequently, global trade will slow down and become more costly and less efficient. Furthermore, the conflict will lead to the introduction of economic sanctions and trade fragmentation. As evidenced in the literature, modern sanctions not only imply direct trade prohibitions, but also involve banking restrictions and financial operations, affecting third parties and leading to fragmented trade channels, whereby each country or group of countries trades separately from another (Felbermayr et al., 2020; Morgan et al., 2023; Gaur et al., 2023).

The findings of this study also suggest that supply chain resilience is a vital component of global business operations. Firms with diversified suppliers, flexible production and robust planning processes are therefore well equipped to handle any challenges. However, firms that depend too heavily on a single geographical location or supplier are bound to experience operational disruptions (Kaneberg et al., 2025; Nel, 2024; Ahmed & Sohag, 2025; Bratko et al., 2025). These disruptions

can result in significant challenges, such as production delays, increased costs and loss of market share. Furthermore, the analysis indicates that macroeconomic spillover effects, such as inflation, exchange rates and financial instability, extend the impact of conflicts beyond trade relations. These impacts tend to affect the wider economy (Abdel-Latif et al., 2025; Hosseinkhani, 2025; Riaz et al., 2025; Miljkovic & Trnavac, 2023).

## Practical Implications

This research has enormous implications for policymakers, including governments, private organisations and other international entities. In terms of energy security, for example, governments must ensure they are not overly dependent on energy imports from politically sensitive regions by investing in alternative energy sources and diversifying supply routes. This will minimise the impact of any energy price shock (Manesh et al., 2025; Williams, 2025; Ahmed & Sohag, 2025; Bratko et al., 2025). Ensuring the security of maritime transport is crucial for sustainable global operations. As major transport routes such as the Strait of Hormuz are vulnerable, international collaboration is essential to guarantee the safety of shipping and develop alternative routes.

Sanctions must be used with care, as they can have serious repercussions at various levels. While sanctions remain a critical component of geopolitics, they can also have unintended economic consequences for global trading partners. Therefore, policymakers must design sanctions wisely to ensure that they pursue the government's political objectives while also avoiding any disruption to global trade (Felbermayr et al., 2020; Morgan et al., 2023; Vlasova et al., 2025). Additionally, trade policies and international co-operation are crucial for ensuring the sustainability of global activities. Evidence shows that, in cases of high geopolitical tension, the probability of trade fragmentation increases. This can be avoided by implementing robust and effective trade policies to promote reliable global connectivity (Hodula et al., 2024; Evenett & Fritz, 2021; Sarwar & Rye, 2025; Miljkovic & Trnavac, 2023). This means that business strategy and supply chain management are key considerations. Therefore, it is important to prioritise supply chain resilience (Butollo, 2021).

## Limitations and Future Research Directions

Despite its contributions, this study has several limitations. Firstly, the review is based on the current conflict between the USA, Israel and Iran, for which there is limited information available. While the information used in this study provides useful insights, it may not fully capture the complexity of a conflict between the USA, Israel and Iran, particularly with

regard to the historical context, regional dynamics and the perspectives of the various stakeholders involved. Furthermore, the study draws on a variety of research methods, including theoretical, case study and quantitative approaches. While this diversification enriches knowledge, it hinders cross-study comparison. Future research could make use of more advanced techniques, such as modelling, to measure the extent to which disruption spreads through global systems. Furthermore, current research tends to emphasise the importance of energy, focusing primarily on developed countries. However, the importance of other areas, such as semiconductors, medicine and rare earth metals, needs to be examined. Additionally, little emphasis is placed on developing countries. Future investigations should cover these areas to provide a comprehensive overview of the global situation. The list of geopolitical threats is constantly evolving. Most existing studies rely on previous cases. However,

future wars may present new challenges or technologies. Consequently, future research should focus on developing flexible models that can adapt to changing geopolitical conditions.

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