MIDDLE EAST CONFLICT 2026: JUNE IMPACT MONITORING

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On 28 February 2026, strikes against Iran (Operation Epic Fury) triggered a major regional conflict. In response, Iran closed the Strait of Hormuz, disrupting approximately 20% of global oil supplies. To stabilize markets, member countries of the International Energy Agency (IEA) released 400 million barrels of emergency oil stocks on 11 March, the largest coordinated stock release in the Agency's history. Global liquefied natural gas (LNG) supplies also fell by 20% compared with pre-conflict levels. A ceasefire announced on 8 April was extended indefinitely on 21 April 2026.

The conflict quickly evolved into a global economic and energy crisis. Disruptions to energy production, trade routes, and maritime transport drove up commodity prices worldwide, increasing inflationary pressures and weakening growth prospects. According to the OECD, global growth projections have been revised downward while inflation forecasts have been revised upward. In a prolonged disruption scenario, inflation could rise by 0.4 percentage points in 2026 and 1.3 percentage points in 2027, while tighter financial conditions and weaker confidence would further constrain economic activity.

Governments responded with emergency measures to strengthen energy security, including subsidies, price caps, strategic reserve releases, and accelerated investment in energy infrastructure. International organizations have emphasized the need for targeted support measures that protect vulnerable households while preserving incentives to reduce energy consumption.

The Middle East has been the region most directly affected, as it lies at the center of both military operations and global energy routes. Gulf countries have focused on protecting critical energy infrastructure and developing alternative export routes to reduce dependence on the Strait of Hormuz.

Europe has also been heavily impacted. Within ten days, European gas prices rose by 50% and oil prices by 27%, generating an estimated additional import cost of €13 billion. In response, 22 EU Member States introduced support measures worth approximately €9.2 billion. According to the European Bank for Reconstruction and Development (EBRD), oil prices remaining around USD 100 per barrel could reduce growth by 0.4 percentage points and raise inflation by 1.5%.

Asia remains particularly vulnerable because around 80% of the crude oil and most LNG passing through the Strait of Hormuz are destined for Asian markets, including China, India, Japan, and South Korea. Sustained disruptions could significantly increase import costs, fuel inflation, and slow economic growth. IMF estimates suggest that a prolonged energy shock could reduce Asian GDP growth by 0.5 to 2 percentage points cumulatively by 2027.

Africa is also highly exposed, as many countries depend on fuel imports transported through the Gulf region. Higher oil prices and shipping costs have increased energy, transport, and construction costs, particularly in countries such as Egypt and South Africa.

In Latin America, rising energy prices have generated inflationary pressures, but some producers have benefited from the reorganization of global energy markets. Brazil strengthened its role as an alternative oil supplier, particularly to China, while Argentina benefited from the continued development of the Vaca Muerta shale formation.

The construction industry has been among the sectors most affected by the crisis. As a highly energy-intensive sector accounting for around 13% of global GDP, construction has faced rising material and transport costs, supply chain disruptions, and project delays.

Overall, the conflict has generated far-reaching economic and energy-related consequences across the globe. Beyond its immediate geopolitical impact, it has reinforced the importance of energy security, supply diversification, and economic resilience as key policy priorities for the coming years.

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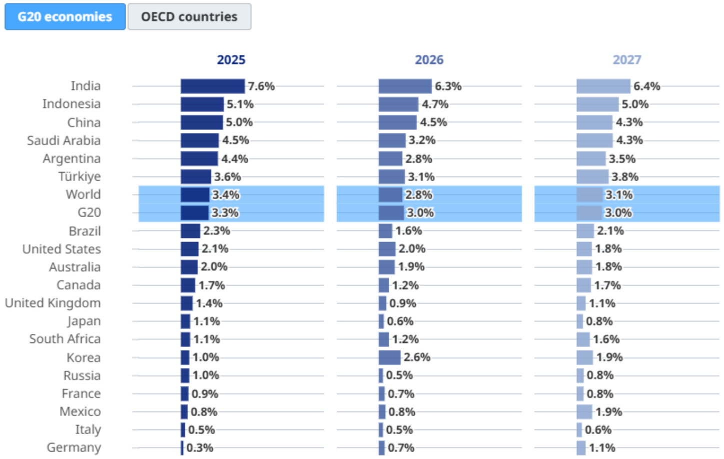
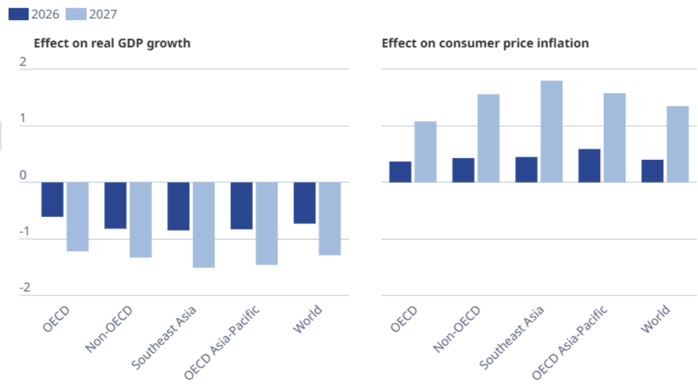
Real GDP growth for 2025 and projections for 2026 and 2027
%, year-on-year



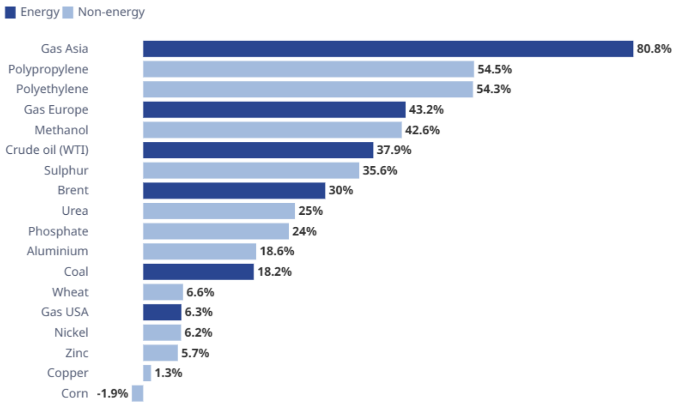
Source: OECD Economic Outlook, June 2026.

Regional shock of a prolonged disruption on growth and inflation in 2026 and 2027
Points of percentage



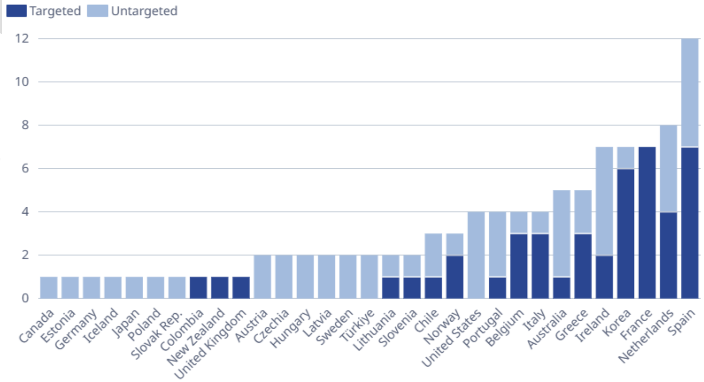
The prolonged disruption scenario assumes oil, gas and fertiliser prices rise by 50% relative to the time-limited disruption scenario till Q3 2027, followed by a gradual decline as supplies recover.
Source: OECD Economic Outlook, June 2026.

Evolution of selected commodity prices
% change from 27 February 2026, as of 27 May 2026



Source: OECD Economic Outlook, June 2026.

Energy support measures announced as of 18 May 2026
Count of measures with fiscal costs, OECD countries



Targeted measures are defined as fiscal instruments directed at a specific subgroup of households or firms. Untargeted measures benefit all consumers regardless of income or size, such as price caps.
Source: OECD Economic Outlook, June 2026.

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ASIA AND OCEANIA

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General Facts & Measures	Facts & Measures for Construction
India	
To mitigate the impact of the crisis, the government has set out to ensure national energy security and is working to reduce its dependence on foreign oil and gas. The country, while following IEA guidelines, is ramping up domestic LPG production. The government of Andhra Pradesh is equipping local community centers with induction cookers, with more than 44,000 units now in use amid concerns about the supply of LPG. Other measures include: • The Indian government has implemented a policy to keep fuel prices low and to find new suppliers of oil and gas • Call for the public to reduce fuel consumption and encourage the use of public transportation • The government is implementing the IEA's call to reduce liquefied petroleum gas (LPG) consumption • Call for refineries to increase domestic LPG production • Call for a switch from gas to electricity for cooking	The Real Estate Developers' Association "Credai Ahmedabad" has urged the Gujarat Real Estate Regulatory Authority (GujRERA) to grant a six-month extension for ongoing housing construction projects. This request was made under the RERA Act, citing the challenges faced by construction companies due to delays in the supply of materials and rising construction costs. Some of India's largest real estate developers have been affected. Abhishek Lodha, who heads Mumbai-based Lodha Developers, recently stated that construction costs have risen by about 5% since the start of the war.
China	
Heavily dependent on oil from the Gulf region, China has been building up its strategic oil reserves for several years. The country also enjoys a strategic advantage thanks to the diversification of its energy mix. Its shift toward green energy has therefore allowed the country to be less affected by the energy crisis. The National Development and Reform Commission announced on March 23 that it would implement a cap on fuel prices. Normally, with the surge in oil prices, the price of gasoline would have risen by 2,205 yuan per ton and that of diesel by 2,120 yuan. But the Chinese government authorized only a 1,160-yuan increase for gasoline and a 1,115-yuan increase for diesel—representing nearly 47% of the actual rise in international prices. Other measures include: • Use of the National Oil Reserve • Implementation of a price cap to prevent a sharp rise in energy prices	In the construction sector, prices have also skyrocketed: the cap on fuel prices is helping to stabilize the sector.
Indonesia	

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Indonesia is highly exposed to the Middle East conflict through its dependence on oil and gas imports and global price transmission. In 2025, it recorded an oil-and-gas trade deficit of about $19.7 billion, despite an overall trade surplus of $41.05 billion, while importing roughly 56 million tons of oil worth $33 billion. Although less than 15% of imports come directly from the Middle East, the region still supplies around 25% of crude oil and 35% of LPG, with additional indirect exposure via Singapore and Malaysia, which themselves rely on Middle Eastern crude. This structural dependency makes Indonesia sensitive to disruptions in the Strait of Hormuz, as higher global oil prices quickly increase import costs, fuel subsidies, and inflation. Academic estimates suggest that a sustained oil shock could raise inflation by 1.5–2.5 percentage points if prices remain near or above $100 per barrel, while also weakening the trade balance and fiscal position of this net oil importer. More broadly, prolonged conflict in the Middle East is expected to create persistent macroeconomic pressure, higher import bills, currency depreciation risks, and slower growth, although Indonesia has begun diversifying supply sources, including increased imports from the United States. Other measures include: • Indonesia is accelerating the transition from LPG stoves to induction cooktops in order to reduce its fuel imports and the burden of subsidies	No specific measures related to the war have been announced at this time on the official website of GAPENSI, the Indonesian National Construction Federation. However, given the significant weight of activities related to energy, oil, port, and logistics infrastructure represented within the organization, the sector remains indirectly exposed to rising energy costs, supply chain tensions, and increased shipping costs caused by disruptions around the Strait of Hormuz.
Japan	
Japan is particularly exposed to the Middle East conflict due to its reliance on imported energy. Around 90–94% of its crude oil imports originate from the Middle East, and most transit through the Strait of Hormuz, making Japan highly vulnerable to supply disruptions and oil price shocks. Studies by the Daiwa Institute of Research estimate that if oil prices rise to $120 per barrel, Japan's GDP growth could be reduced by around 0.5 percentage points in FY2026; in a more severe scenario combining oil prices of $150 per barrel with a 10% reduction in Middle Eastern oil and LNG imports, the impact could reach –2 percentage points of GDP growth, potentially pushing the economy into recession. Higher energy costs would also increase inflation, weaken the yen, raise import bills, and put pressure on energy-intensive industries. Japan's crude oil imports from the Middle East fell by 67.2% year-on-year in April 2026, the sharpest decline on record since comparable data began in 1979. Despite the supply shock, Japan mitigated the immediate impact by drawing on strategic reserves and sourcing alternative supplies: the country is strengthening cooperation with South Korea regarding the supply of liquefied natural gas and crude oil to stabilize energy supply chains. Following the IEA's call for coordinated action, Japan plans to release the equivalent of 15 days' worth of oil reserves to counteract the surge in oil prices. Other measures include:	OCAJI, Japan Construction Association, has not announced any specific measures related to the Middle East conflict; however, the sector is indirectly exposed to the conflict due to the country's energy dependence on oil and LNG imports transiting through the Strait of Hormuz. Geopolitical tensions have led to higher costs for energy, construction materials, and maritime transport, causing delivery delays and strain on Japanese construction projects. The Financial Times specifically cites the builder Maeda Housing, whose president, Masatomi Maeda, notes that approximately 25% of the company's projects have experienced delays linked to supply disruptions around the Strait of Hormuz, illustrating the Japanese sector's growing concerns regarding international energy and supply chain risks.

• The Ministry of Economy, Trade, and Industry has established a "coordination center for managing the energy crisis in Iran" (or Iran Situation Energy Response Headquarters) • Release of its strategic oil reserves	
South Korea	
South Korea is among the Asian economies most vulnerable to the Middle East conflict, importing around 70% of its crude oil from the region, with nearly all shipments passing through the Strait of Hormuz. A sustained disruption would raise energy and manufacturing costs, weaken export competitiveness, and increase inflation; a 10% rise in oil prices alone is estimated to increase manufacturing costs by 0.71%, highlighting the country's exposure despite substantial strategic reserves. Other measures include: • Implementation of a temporary cap on fuel prices to protect the economy from an energy crisis • Restart of two nuclear reactors (Shinwolseong 1 and Gori 2) • Partial lifting of restrictions on coal use • Capping fuel prices • Accelerating the roadmap for renewable energy development	South Korea's construction sector is particularly vulnerable to the Middle East conflict through rising energy and material costs. According to the Korea Institute of Construction Industry, a 50% increase in global oil prices would raise construction production costs by about 1.06%, with impacts of around 0.8–0.9% for residential and non-residential building projects. Higher diesel prices increase the operating costs of construction equipment, while petroleum-based materials such as coatings, waterproofing products, mortar additives, plastics, and insulation become more expensive. Industry reports also indicate that rising freight and import costs have already contributed to project delays and margin pressure, particularly among small and medium-sized contractors.
Thailand	
Thailand imports around 58% of its crude oil from the Middle East, with approximately 0.3 million barrels per day transiting through the Strait of Hormuz. It also imports roughly 24% of its LNG through this route, making the country highly exposed to energy supply disruptions and oil price shocks. According to Krungsri Research, if oil prices average USD 85–90 per barrel, Thailand's GDP growth could decline by 0.2–0.3 percentage points. In a more severe scenario, with oil prices reaching USD 110–130 per barrel, GDP growth could fall by 0.6–0.9 percentage points, while inflation could rise by 3.0–4.5 percentage points above baseline levels. More recent estimates from the Bank of Thailand and KResearch suggest that prolonged disruptions keeping oil prices above USD 100 per barrel could reduce Thailand's 2026 growth by 0.2–0.7 percentage points, while inflation may approach or exceed the central bank's target range. Other measures include: • "Oil Fuel Fund" program to limit fuel price increases: the fund has been covering up to 18–22 baht per liter in diesel subsidies, with total support exceeding 1.7–2.5 billion baht per day, to cap retail diesel prices and avoid disruptions in logistics and construction activity • Capping diesel prices • Establishing an energy "war room" • Banning all fuel exports • Calling for full production at coal-fired power plants	Thailand's construction sector is exposed through higher fuel costs and dependence on imported industrial materials. Around 10% of Thailand's aluminum imports come from the Middle East, while energy-intensive building materials and logistics costs are vulnerable to oil-price increases. Krungsri Research identifies aluminum, steel, chemicals, and petrochemical products as key inputs at risk from supply disruptions. Higher oil prices also raise transportation, equipment, and manufacturing costs for cement, asphalt, plastics, insulation, coatings, and other petroleum-derived construction materials. Industry analysts warn that prolonged disruptions in Hormuz could increase project costs, compress contractor margins, and delay infrastructure and real-estate developments.

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Australia	
The Australian economy had considerable momentum on the eve of the evolving Middle East conflict but now faces headwinds that will hinder growth and push up inflation this year. GDP growth is projected to slow slightly to 1.9% in 2026 and 1.8% in 2027. The energy price spike will push headline inflation above 4% this year, but its unwinding should help inflation fall back to about 2½ per cent in 2027. The main risks are that the energy supply shock is larger than expected or that the policy reaction triggers a sharper-than-projected slowdown in demand growth. Monetary policy tightening, already underway pre-conflict, may need to be continued but should be unwound as inflation subsides. Limited temporary fiscal measures to mitigate dislocation from the energy supply shock may be warranted, but revenue windfalls from high commodity prices should be mostly saved. To enhance energy security and boost sustainable growth, Australia should accelerate progress with electric vehicle adoption and renewables generation, with improved grid links and increased storage capacity (OCDE). The country reacted swiftly following the outbreak of the war by implementing effective measures to prevent skyrocketing prices. Although it imports little directly from Iran, Australia nevertheless depends on Asian production, which relies on crude oil transiting through the Strait. The bilateral announcements made by Wong and Albanese, the Prime Ministers of Singapore and Australia, respectively, aim to strengthen cooperation between the two countries to secure the flow of refined fuels and LPG. Canberra immediately reduced the fuel tax by 50%, from 56 cents per liter to 26.4 cents per liter, for a period of three months. Furthermore, in the event of a national shortage, the government may authorize fuel rationing for sectors deemed essential, which has already occurred. Measures: • Implementation of a four-tier national system to manage shortages • Halving the tax on gasoline and diesel • Signing of new international agreements with Singapore • Rationing under the “Liquid Fuel Emergency Act”	In Australia, the supply chain crisis threatens to undermine the government’s commitment to build 1.2 million new homes by 2029, with some developers warning that rising costs could add up to 50,000 Australian dollars (36,000 U.S. dollars) to the cost of building a new home (Financial Times).
New Zealand	
After contracting in 2024, the New Zealand economy began to recover in the second half of 2025. It is projected to grow by 1.4% in 2026 and 2.2% in 2027, supported by earlier monetary easing and resilient exports. However, the recovery remains fragile, with labour market conditions still soft and confidence weakened by higher energy costs and elevated uncertainty. Inflation, which remained slightly above the 1–3% target band in early 2026, is projected to rise further in 2026 as higher energy prices feed through to transport and other input costs, before moderating in 2027. Risks remain tilted to the downside, including from energy supply. Fiscal consolidation should proceed steadily to ensure sustainability, while retaining flexibility if downside risks materialise. Energy-related support should remain temporary and targeted and maintain incentives to reduce	Like other countries, New Zealand is experiencing rising transportation and energy costs, which are impacting the construction industry, particularly in terms of delays, higher supply costs, and the scaling back of long-term projects.

energy consumption. Monetary policy should remain data-dependent, ensuring that inflation expectations stay anchored while balancing renewed inflation pressures against remaining spare capacity. Structural reforms are needed to lift weak productivity and strengthen resilience, including improving energy security and affordability, deepening capital markets, strengthening competition and advancing digitalisation and innovation, including in the health sector (OECD). New Zealand has decided to keep its key interest rate at the same level as before the war and is taking time to consider a possible change depending on the conflict's impact on the country's economy. Measures: • Key interest rate held at 2.25% • Establishment of an economic monitoring group • Preparation for maritime disruptions	
Russia	
As an oil producer, Russia is shifting its focus toward expanding its exports. Russia is once again becoming a go-to country for oil supplies. In fact, the country's exports increased by approximately 17.6%, rising from 850,000 tons to nearly 1 million tons in March 2026. This translates to an expected $9 billion in tax revenue for 2026 thanks to rising prices. However, several weeks after and despite the surge in oil prices triggered by the Iran conflict, Russia has struggled to translate the shock into lasting economic gains. Higher crude revenues have been outweighed by structural challenges, including slowing growth, declining energy revenues, labor shortages, sanctions, and the financial burden of the war in Ukraine, leaving the Russian economy weaker than expected. Measures: • Maintenance of a tight monetary policy • Increase in energy exports to Asia	

EUROPE

<table>
<tr><th colspan="2">European Union</th></tr>
<tr><td>The European Council (19 March) acknowledged the need for a coordinated response to the immediate impact of the conflict on prices. The Commission presented an energy package including a strategy on small modular reactors (SMRs). Commissioner Dan Jørgensen raised the possibility of capping gas prices. The IEA ordered the historic release of 400 million barrels of strategic reserves (92 million for Europe). Ursula von der Leyen described the return to nuclear power as a “strategic correction”. Ahead of the European summit on 23 and 24 April in Cyprus, the European Commission is working on an action plan entitled “AccelerateEU” to ensure the European Union is able to tackle the surge in energy prices caused by the war in the Middle East, to protect – in a targeted and temporary manner – the households and businesses most affected, and to facilitate the transition to a European energy system less dependent on imported fossil fuels. Regarding short-term measures, it is emphasised that public support for consumers and businesses directly affected by soaring prices must be “targeted, temporary and activated in a timely manner” in order to limit the negative impact on public finances, which are often already under strain. One of the support measures is the European framework for state aid. The European Commission has put forward a proposal for consultation aimed at allowing Member States to provide targeted and temporary support (from March to the end of December 2026) to the following sectors: agriculture , and fisheries; land and maritime transport; and gas-fired electricity generation – the sectors most affected by rising fuel prices and supply chain disruptions.

Measures:
Release of 92 million barrels of strategic reserves (IEA plan)
Call to fill gas storage facilities before winter (target 80%)
Study on taxing energy windfall profits
Emergency price toolkit (European Council, 19 March 2026)
Encouragement of remote working, carpooling and speed reduction
New energy package (SMR, electrification, 10/03/2026)
Proposal to relax the European State aid framework (13/04/2026)</td>
<td>On April 23, FIEC issued a statement titled “The Middle East Crisis Puts Pressure on the European Construction Industry: We Need to Act Urgently,” aimed at conveying three key messages to European authorities:
European institutions should help ensure access to essential inputs. Construction sites can only continue to operate if the supply of materials, energy, and essential transport flows remains reliable. The EU must therefore act quickly to preserve supply chains, improve market visibility, and prevent any avoidable disruptions in the delivery of projects that are essential to resilience, competitiveness, and the green and digital transitions.
Contractual frameworks and procurement procedures must be able to cope with exceptional shocks. When input costs fluctuate suddenly and unpredictably, companies cannot be expected to bear the entire burden alone. More effective price adjustment tools, rapid indexation, and realistic deadlines are needed to allow projects to continue and limit disputes.
The European Union must preserve the construction sector’s ability to invest, carry out projects, and compete on a level playing field. If companies can no longer estimate project costs with confidence, this will immediately result in fewer bids, delays in construction, and increasing pressure on the delivery of infrastructure and housing. A credible response from the European Union should therefore promote the continuity of projects, support investment, and ensure a level playing field for companies operating in the European market.</td></tr>
<tr><th colspan="2">France</th></tr>
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France has adopted a more cautious approach than its neighbours, avoiding a cap on pump prices. Prime Minister Sébastien Lecornu announced on 10 April a massive electrification plan, using the tax windfall from rising prices to fund the transition. Direct aid remains focused on the most vulnerable businesses. Mandatory remote working and restrictions on fuel purchases are being considered should the situation worsen (Boursorama). Measures: • Targeted aid of around €70 million for farmers, fishermen and transport operators • Temporary exemption from agricultural diesel tax (April) • Electrification plan: doubling of support to €10 billion per year by 2030 • 50,000 additional electric vehicles under social leasing schemes (from June) • Penalties for petrol stations charging excessive prices • Under consideration: mandatory remote working / 'energy lockdown' if the situation worsens	In response to rising fuel prices caused by the Middle East conflict, the French government is considering targeted support measures for small construction companies, including a €0.20 per litre subsidy on non-road diesel (capped at €4,000 per company) and access to Bpifrance emergency fuel loans ranging from €5,000 to €50,000. The aim is to offset higher operating costs, prevent cash-flow difficulties, and avoid project delays or cancellations across the construction sector. The French federation of Building (FFB) met with the French government and asked for: - aid for businesses that use non-road diesel (GNR) as well as for "heavy-duty vehicle operators"; - the establishment of a monitoring body to track the composition of construction material prices.
Spain	
Spain is the most interventionist country in the EU. As early as the third week of the conflict, Pedro Sánchez presented an ambitious plan, with the central measure being a massive reduction in VAT on all forms of energy. Spain is in a favourable position regarding electricity (over 60% renewable), with prices ranging from €37 to €57/MWh compared to €113 in Germany, for example (Euronews)(Boursorama). Measures: • €5.046 billion plan (decree-law, in force until 30 June 2026) • VAT on energy reduced from 21% to 10% (fuel, electricity, gas, butane) • Fuel prices down by around 30 cents per litre • Additional subsidy of 20 cents per litre for transport operators, farmers and fishermen • Butane price freeze • Release of 11.5 million barrels from strategic reserves (IEA plan)	The conflict could significantly increase construction costs in Spain. According to consultancy Gloval, rising energy prices, raw material costs, and transport expenses could push construction costs up by 3% to 6% in a moderate scenario, and up to 10% in a prolonged crisis scenario. This increase is mainly driven by the sector's dependence on energy-intensive materials such as steel, aluminium, and petroleum-based products, all of which are highly sensitive to oil price fluctuations. Higher fuel costs also contribute to increased logistics and supply chain expenses. The real estate market could face indirect effects, including reduced purchasing power, tighter credit conditions, and lower liquidity. However, it suggests that rather than a sharp downturn, the sector is more likely to experience a slowdown in activity and a more cautious investment environment. CNC explained 90% of Spanish construction companies are impacted by the energy crisis: rising fuel prices (by 20% to 30% on average); rising raw material costs, etc. Fifty-six percent are scaling back their operations, and 22% are warning of potential job losses.
Italy	

<table>
<tr><td>Giorgia Meloni activated an emergency decree within the first few weeks. The VAT redistribution mechanism remains limited (2.2 pence compensated for every 10 pence increase). Meanwhile, Law 34/2026 on SMEs strengthens the framework for remote working with penalties for non-compliant employers, at a time when businesses and institutions view remote working as a means of reducing energy costs (Boursorama)(FIRST Online).

Measures:
• Decree-law: €0.25/litre reduction in excise duty1 on fuels (20 days)
• Cost: €417.4 million, financed by budget cuts
• Mechanism for redistributing the additional VAT to consumers
• Penalties for companies inflating their margins
• New mandatory teleworking rules (Law 34/2026, effective from 07/04/2026)
• Distance learning being considered for the end of the school year</td><td></td></tr>
<tr><td colspan="2">Germany</td></tr>
<tr><td>Germany is among the hardest-hit countries, with petrol prices exceeding €2.50 per litre and gas stocks at around 20.5% (the lowest level since 2021–2022). The main measure is a cap on the frequency of price rises at the pump, announced by Minister Reiche. The government is resisting calls for a 'Tankrabatt – exceptional fuel discount' as in 2022 (estimated cost of over €3 billion). Demand for electric vehicles has surged by 40% since the start of the year (AutoScout24)(France Info).

Measures:
• Limits on price changes at petrol stations: max. once a day (compared to an average of 22)
• No direct subsidy at the pump announced at this stage
• Parliamentary pressure (CDU/CSU) against intervention as in 2022 (Russia-Ukraine conflict: an emergency tax was introduced in 2022 to tackle soaring energy prices)
• Call for a one-off VAT levy on oil super profits (under discussion)</td><td>ZDB shared some warning: Orders are down compared to last year's levels, both in road construction (-6%) and housing construction (-9%).

While HDB warned about the rising input costs and shortages of raw materials (crude oil) in certain regions (southern Germany). Risk of insolvency for companies involved in long-term contracts without price adjustment clauses.</td></tr>
<tr><td colspan="2">Poland</td></tr>
<tr><td>Donald Tusk swiftly announced a dual tax mechanism (VAT + excise duties) combined with a dynamic price cap. Low Polish prices (around €1.50 per litre) are leading to an influx of cross border drivers from Germany and the Baltic states, a phenomenon identified by the Jacques Delors Institute as a cause for concern in the absence of European coordination (Institut Jacques Delors).

Measures:
• Reduction in VAT on fuel: from 23% to 8%
• Reduction of excise duties to the legal minimum
• Retail price cap calculated daily based on wholesale prices</td><td></td></tr>
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• Tax on oil windfall profits (under discussion at government level) • ‘Fuel tourism’ to Poland from neighbouring countries	
Hungary	
Viktor Orbán has opted for the most radical approach in Europe: a straightforward cap on pump prices. The restriction to Hungarian vehicles is intended to prevent an influx of foreign drivers. The measure was announced in the run-up to the election, illustrating the political dimension of national responses. Viktor Orbán lost the election to Péter Magyar (Euronews). Measures: • Strict fuel price cap: €1.54/L (SP95), €1.59/L (diesel) • Measure restricted to vehicles registered in Hungary • Announced in the midst of the campaign for the general election on 12 April 2026	
Portugal	
Portugal was the first southern European country to take concrete action, with an automatic mechanism triggered as soon as prices exceed a predefined threshold. The targeted (professional sectors) and conditional approach contrasts with the universal measures adopted by other countries (Euronews). Measures: • Temporary reduction of 3.55 cents per litre in the tax on diesel (triggered automatically) • Subsidy of -10 cents per litre on diesel for agriculture and transport • Total cost: estimated at €450 million over 3 months • These are conditional measures: triggered if the price rises by more than 10 cents above the average at the start of March • 20% reduction in excise duty on fuels	
Greece	
Rather than subsidising fuel, Greece has opted to regulate distributors’ margins. Deputy Prime Minister Kostis Hatzidakis specified that the measure will remain in place until June 2026. Greece is heavily dependent on oil imports (96%), but is benefiting from a growing share of renewable energy and a sharp rise in rail electrification (FranceInfo)(Institut Jacques Delors). Measures: • Cap on profit margins on fuel (petrol stations, supermarkets) • Measure in force until 30 June 2026 • Announced by Prime Minister Kyriakos Mitsotakis to prevent speculation	

Croatia	
Croatia has opted for a direct price cap, similar to Hungary but at less restrictive levels. Along with Spain and France, it is one of the few countries to have also rolled out concrete measures to promote the electrification of transport (FranceInfo)(Institut Jacques Delors). Measures: • Price cap: diesel limited to €1.55/L (versus €1.72 without the measure) • Petrol maintained at €1.50/L (compared to a potential €1.55) • Announced by Prime Minister Andrej Plenković • Measures to promote electrification (one of only three EU countries to have done so)	
Slovenia	
Slovenia is one of two EU countries to have introduced rationing measures (with Italy currently under discussion). Low prices in Slovenia (around €1.51/litre) had led to a massive influx of drivers from Austria and Italy, causing local shortages (Boursorama). Measures: • Temporary restrictions on fuel purchases (rationing at the pump) • Objective: to address shortages linked to cross-border refuelling • Rationing measures already in place (among the first in Europe)	
Austria	
Austria has adopted a regulation on the frequency of price rises, similar to Germany's but stricter (three times a week compared to once a day across the Rhine). The country's previous heavy reliance on Russian gas (historically 98%) complicates Austria's position in the current context (Euronews). Measures: • Limits on price rises at petrol stations: maximum three times a week • Price reductions may be applied at any time • No direct subsidy at the pump announced • Petrol price rise of around +13%	Bundesinnung Bau (BI BAU) & Fachverband der Bauindustrie (FVBI): Order books remain full despite rising input and fuel prices. However, business confidence remains low.
Cyprus	
President Nikos Christodoulides has announced a package of phased measures targeting both households (electricity) and businesses (tourism). Cyprus is heavily dependent on oil imports (around 96%), which increases the vulnerability of its economy (Boursorama). Measures:	

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• Reduction in VAT on electricity bills: from 19% to 9% (already implemented), then to 5% (until March 2027) • Reduction in fuel taxes • Wage subsidies in the tourism sector: 30% for April 2026	
Sweden	
Sweden enjoys a high degree of independence thanks to its record share of renewable energy (62.8% of final consumption). Its response remains measured, limited to a reduction in excise duties. It is part of the group of seven energy ministers who advocated maintaining the European electricity market to Commissioner Jørgensen (letter of 6 March)(Observatoire de l'Europe). Measures: • 20% reduction in excise duty on fuel • No major measures announced (tight budgetary position) • High share of renewables (62.8%) = lower relative exposure	
Belgium	
Belgium is among the countries that have not yet taken direct measures, despite having some of the highest prices in the EU (diesel at €2.23/L). However, it has a strategic advantage with the Zeebrugge LNG terminal, which allows for the diversification of imports. The low share of renewables in its energy mix (14.3%) makes it structurally more vulnerable. Measures: • No direct government measures announced at this stage • Significant rise in gas prices (+23% from day one); diesel at €2.23/litre • Regulator monitoring indexation formulas for variable contracts • Zeebrugge LNG terminal: a strategic asset for diversifying supply	According to a survey by the Belgian Construction Federation (Embuild), 89% of construction and installation companies fear a rise in material prices over the coming weeks, following the war in the Middle East. Nearly half of construction firms have included a price adjustment clause in their contracts, but only 6 out of 10 firms also intend to apply it to partially offset the price rises. Only a quarter of all firms therefore plan to pass on the price rises via such a clause. Most construction firms wish to maintain their relationship with their clients and will first attempt to absorb the price rises themselves (Embuild). Embuild hosted a webinar (April 15) on the impact of the conflict on construction contracts: the price adjustment formula (public contracts, private contracts, and contracts subject to the Breyne Act); invoking unforeseeable circumstances; options regarding force majeure and consultation; and key considerations when drafting new contracts.
Netherlands	
The Netherlands has the highest fuel prices in the EU but has not adopted any direct support measures. The government is defending the continued functioning of the European electricity market in the face of pressure from certain Member States wishing to decouple energy prices (Observatoire de l'Europe).	The Dutch construction federation (Bouwend Nederland) has launched a dedicated webpage to help companies pass on rising construction costs (here).

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Measures: • No direct government measures announced • Prices among the highest in the EU: diesel at €2.58/l, petrol at €2.23/l • Letter to Commissioner Jørgensen to defend the European electricity market (6 March)	Since early March, they have received numerous reports from their members regarding price increases announced by suppliers. These increases are linked to rising transportation costs, as well as to certain specific construction materials. The federation is also receiving the first reports of material shortages resulting from premature stockpiling by certain market players. Fuel prices have risen sharply since February 28: diesel has gone up by 37%, LPG by 31%, and Euro95 by 15%. A growing number of manufacturers expect further price increases for energy-intensive construction materials.
Denmark / Finland / Luxembourg	
These countries with a high share of renewables have adopted a stance of restraint rather than fiscal interventionism. They are part of the group of seven countries advocating the maintenance of the electricity market mechanism. The Jacques Delors Institute notes that Denmark and Luxembourg are among the few countries to have issued internal calls for moderation in consumption (Observatoire de l'Europe). Measures: • No direct budgetary measures announced • High renewable mix: Denmark 43%, Finland 52%	Rakennus Teollisuus (RT – Finland): Trade associations have called for the implementation of support measures. The price shock has particularly affected the construction equipment sector, with a risk of jeopardizing Finland's security of supply if the situation persists. They are calling on the government to take a constructive stance in the budget debate.
Baltic States (Estonia, Latvia, Lithuania)	
The Baltic states, which have been highly exposed to geopolitical tensions since the war in Ukraine, are prioritising resilience and diversification of supply. Their budgetary scope is more limited. Latvia, alongside Sweden and Denmark, is advocating for the preservation of the internal electricity market(Observatoire de l'Europe). Measures: • Limited measures due to budgetary constraints • Priority given to security of supply (memory of dependence on Russia) • Lithuania: diesel at €2.12/litre (above the EU average) • Letter to Commissioner Jørgensen to defend the EU electricity market (Latvia)	Estonian Association of Construction Contractors: The construction price index rose by 2% in the first quarter of 2026 compared to the same period the previous year and by 0.5% compared to the fourth quarter of the previous year. In the first quarter, rising employee wages had the greatest impact on the construction price index.
Romania / Bulgaria / Slovakia	
These Central and Eastern European countries benefit from lower prices but face an influx of foreign vehicles coming to refuel, putting pressure on local stocks. Along with Austria, Croatia, Hungary, Italy, Poland and Greece, they have signed a letter calling for the maintenance of free ETS allowances beyond 2034.	ARAMCO (Romania): Calls on the Romanian government to take urgent measures to prevent a domino effect in the construction sector (8–9% of Romania's GDP, the highest share in the EU).

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Measures: • Fuel prices among the lowest in the EU (Bulgaria: petrol around €1.50/litre) • 'Fuel tourism' from neighbouring countries • Romania is a signatory to the letter on maintaining free carbon allowances (ETS) • Support measures for vulnerable households under discussion	
United Kingdom	
Growth will weaken to 0.9% in 2026, as renewed inflationary pressures squeeze real incomes and exacerbate uncertainty, weighing on private consumption and investment. It will then pick up to 1.1% in 2027, helped by the normalisation of global energy prices and a gradual improvement in trade and financial conditions. Consumer price inflation is set to increase to 3.7% in 2026 before moderating to 2.4% in 2027, while core inflation will continue easing as wage growth moderates, due to rising slack in the labour market. The unemployment rate is projected to reach 5.5% in 2026 before edging down to 5.3% in 2027. Further easing in monetary policy is expected, with the Bank of England looking through the energy shock in 2026 and moving to a neutral stance in 2027 as underlying price pressures ease. Fiscal policy will remain restrictive, given elevated borrowing costs, high debt interest payments and rising public debt. Continuing to reduce vulnerability to imported energy price inflation is essential, including by better aligning price signals and accelerating investment in electricity networks and system flexibility. Swiftly completing the ongoing planning reform would support infrastructure delivery and enhance growth (OECD). The country, which had already adopted an energy policy focused on renewable energy, is continuing along this path, which allows it to remain mostly protected from gas supply issues. It is also expanding its exploration project in the North Sea by granting additional land and new licenses for extraction. The country views the energy crisis as merely temporary and is maintaining its high benchmark interest rate despite rising inflation, to support the economy. Nevertheless, the government is helping with household energy bills, allowing families to pay the same prices as before the conflict. Measures: • No government measures related to natural gas • Investment in renewable energy, particularly wind power in the north • Energy price fall through July, regardless of how the situation develops • Key interest rate held at 3.75%	The UK construction sector is being affected by the conflict. Cost pressures and supply chain disruptions are increasing. Price volatility is having a direct impact on the viability of civil engineering projects, which are already reeling from a decade of instability. According to the Office for National Statistics, construction output has fallen for the fourth consecutive quarter. The war in Iran is thus adding to these ongoing challenges, and the additional shock could push the sector into an even more dire situation.
Ireland	
The economy is projected to contract by 1% in 2026, due to the unwinding of a frontloading of exports, geopolitical uncertainty and higher energy prices. GDP will grow by 2.9% in 2027, helped by an export market recovery. Underpinned by a relatively resilient labour market, modified domestic demand, which controls for	The CIF (Construction Industry Federation) recommends that companies anticipate the impact of the conflict on materials and energy prices. In addition, the CIF emphasizes the need to maintain

the main distortions arising from multinational activity, is projected to moderate but grow by 2.1% in 2026 and 2.5% in 2027. The fiscal stance is broadly neutral in 2026-27. Explicitly time-bound, broad-based reductions in energy excise duties are among the main recent measures against the energy shock. More targeted measures would preserve price signals and incur a lower fiscal cost. Amid windfall corporate tax gains, a binding domestic fiscal rule will be vital to ensure medium-term fiscal sustainability. Faster permitting processes to accelerate the deployment of renewable generation capacity would enhance energy security (OECD). Faced with financial losses and inadequate public infrastructure, the Irish government has taken action to respond to the crisis as effectively as possible. Innovative housing programs, as well as the National Development Plan, which had already been established before the war, are being strengthened, along with its "Delivering Homes, Building Communities 2025–2030" program, to secure investments in housing and infrastructure and support activity in the construction sector. In total, €102.4 billion in investments is planned for the 2026–2030 period. Measures: • Accelerating innovative strategies such as "Delivering Homes, Building Communities 2025–2030" and the "Accelerating Infrastructure" action plan. • Accelerating the National Development Plan (NDP) • Implementing a relief plan for farmers, households, and transport operators	a clear pipeline of public projects through 2030 to ensure stability in the sector. This stability would help secure the sector and thereby keep international companies in Ireland (CIF).

AFRICA

<table>
<tr><th colspan="2">Morocco</th></tr>
<tr><td>Morocco is highly exposed to the Middle East conflict because it is a net energy importer, with fuel imports rising sharply due to higher global oil prices. In early 2026, Morocco's trade deficit expanded by 18.4% to around $13.8 billion, largely driven by a 12.7% increase in imports, including a significant rise in energy costs linked to the war-induced oil price surge.
Energy imports alone reached about 41.8 billion dirhams, reflecting Morocco's strong dependence on external oil markets, where prices have risen due to disruptions in the Strait of Hormuz.
Analysts note that sustained instability in the Middle East could keep Morocco exposed to prolonged inflationary pressure and a higher risk of weaker growth, as higher fuel prices feed into transport, food, and industrial costs.

To mitigate the impact of the crisis on the country, the government has allocated an unprecedented budget of 1.648 billion dirhams (approximately 154 million euros) per month to assist the population.

Other measures include:
Implementation of price caps on butane gas and electricity
Increased subsidy support and budget injections (~20 billion MAD) to stabilize purchasing power and fuel costs
Assistance for transportation professionals (this aid package covers the public passenger transport sector, mixed rural transport, freight transport, staff transport, school transport, tourist transport, tow trucks, first and second-class taxis, and urban buses)</td><td>Morocco's construction sector is indirectly affected by the Middle East conflict through higher energy prices, which increase transport and material costs. Oil price shocks add an estimated 15 billion dirhams per $10 increase in crude, feeding into cement, steel, and logistics inflation. While construction activity remains supported by public investment and infrastructure projects, volatility in costs and government subsidies reflects growing pressure to prevent delays and maintain project viability.

Evolution of construction costs.</td></tr>
<tr><th colspan="2">Egypt</th></tr>
<tr><td>In March 2026, Egypt's petroleum products pricing committee announced the third fuel price increase in a single year, this time by 17%.
Regional instability has reduced shipping traffic through the Red Sea and Suez Canal. Some estimates indicate that canal revenues have fallen by around 38% year-on-year in early 2026, depriving Egypt of a major source of hard currency.

Since the Canal Suez was blocked, the government had to remedy via:
<u>Transit fee reductions</u>: The authority cut transit fees by 15-20% for certain vessel categories to incentivize continued use of the canal.
<u>Subsidized insurance packages</u>: In partnership with international insurers, Egypt now offers subsidized war-risk coverage for transiting vessels — reducing one of the key cost deterrents.</td><td>The Egyptian Federation of Construction Contractors (EFCBC) has warned of the economic consequences of the war on Egypt's construction sector. During a meeting with the Ministry of Housing, the organization highlighted disruptions in supply chains, rising costs for shipping, insurance, fuel, and construction materials, as well as pressure on companies' liquidity. The federation also presented several requests for support, including the extension of project deadlines, the acceleration of compensation payments, and the renewal of the legal mechanism for compensating cost overruns effective March 1, 2026.</td></tr>
</table>

3. <u>Enhanced military protection</u>: The Egyptian Navy expanded its Red Sea protection operations in coordination with the international coalition, establishing safe corridors for vessels approaching the canal. The Central Bank of Egypt has warned that the conflict is adding upward pressure to inflation and weighing on growth. Inflation is projected at roughly 16–17% in 2026, while GDP growth forecasts have been revised down from about 5.1% to 4.9% for the current fiscal year. The government launched an energy-saving plan including: - Early closing of businesses (9 p.m. on weekdays, 10 p.m. on weekends) - Reduction of street lighting and the turning off of billboards along major roads - The closure of government offices at 6 pm - Mandatory teleworking on Sundays in the public and private sectors, including the banking sector, as directed by the Central Bank The government has also decided to shift toward green energy production, particularly wind power, by participating in the Gulf of Suez III wind project (900 MW), led by a consortium including Engie, in the presence of the Prime Minister. This project is part of the national goal of achieving 42% renewable energy in the electricity mix by 2035. Other measures include: • Reduction of gas deliveries to certain industries • Development of the wind power project • Electricity price cap in place through June 2026	The main impact comes through rising energy and material costs. Industry representatives report that the increase in fuel prices and supply-chain disruptions linked to the Middle East conflict has pushed up construction material prices, with steel prices rising by about EGP 1,000 per tons in early 2026. At the same time, the appreciation of the U.S. dollar has increased the cost of imported equipment and raw materials, further squeezing developers' margins.
South Africa	
The South African government has responded to the effects of the conflict by absorbing the actual impact on diesel prices while maintaining its anti-inflationary stance. In addition, the country is now turning to the United States for its oil supply. However, this change does not solve anything in the short term, as it involves longer distances and higher freight costs. For now, the balance is being maintained thanks to solid foreign exchange reserves ($52 billion). Other measures include: • Reduction of the general fuel tax by 3 rand per liter (€0.16) for the month of April • South African Reserve Bank keeps key interest rate at 6.75% • Diversification of supply	The Middle East conflict is impacting South Africa mainly through higher oil prices, which strongly affect the construction sector via diesel, transport, and material costs. Fuel prices have risen sharply (up to ~40% for diesel), contributing to weaker business activity and higher inflation. As a result, construction faces rising operating costs, tighter financing conditions, and potential delays in infrastructure and housing projects, in a context where national growth forecasts have been revised downward to around 1.1–1.3%.

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MIDDLE EAST

Iran	
Iran is by far the country suffering the largest economic impact from the conflict. While many countries mainly face indirect effects through higher oil prices, Iran is experiencing direct damage to infrastructure, industrial production, trade, public finances, and household incomes. • Inflation has surged above 50%, while the Iranian rial has lost a significant share of its value, sharply reducing purchasing power. Food, medicine, and everyday goods have become substantially more expensive. • Key export industries, including petrochemicals and metals, which generated roughly $25–30 billion in exports before the war, have been disrupted by infrastructure damage, power shortages, and logistical constraints. • Economic analysts expect a period of stagflation (high inflation combined with weak growth), with rising unemployment, declining real incomes, and continued pressure on the banking system and currency. • Some estimates place the direct economic damage at around $50–300 billion, with a central estimate near $144 billion, equivalent to a very large share of Iran's pre-war economy. Other measures: • Maintain refinery production and global exports • Call for international support and a request for reconstruction • The government has asked the public to limit electricity consumption to avoid widespread power outages; the goal is to prioritize critical infrastructure (in addition, it is seeking to maintain oil exports, which remain vital to government revenue)	One of the most significant effects has been the disruption of Iran's steel industry, a critical supplier for construction. Industry assessments indicate that attacks and operational disruptions have put around 14 million tons of crude steel production capacity at risk, threatening roughly one-third of the country's output. This has reduced the availability of steel construction and increased price volatility across the sector.
Turkey	
Turkey has sought to transform the disruption caused by the Iran conflict into a strategic opportunity by strengthening its role as a regional energy and logistics hub. Trade Minister Ömer Bolat stated that prior to the conflict, around 25% of global oil trade and 20% of global natural gas trade transited through the Strait of Hormuz, highlighting the scale of the risk faced by energy-importing economies such as Turkey. Turkey has promoted the expansion of regional energy infrastructure, including the Kirkuk–Ceyhan pipeline, which has resumed operations with exports estimated at around 250,000 barrels per day.	The Turkish construction sector could benefit from increased investment in pipelines, transport corridors, logistics hubs and energy infrastructure. Although higher energy prices are increasing construction costs, the reconfiguration of regional trade routes is creating new opportunities for Turkish contractors, particularly in infrastructure, transport and energy projects.

Furthermore, Turkish authorities have highlighted the strategic importance of the Baku–Tbilisi–Ceyhan (BTC) pipeline, which has a transport capacity of up to 1.2 million barrels per day, as part of a broader effort to strengthen regional energy security and attract additional energy flows through Turkish territory. The government has intensified support for the Middle Corridor, a strategic transport route linking Asia to Europe via Turkey and the Caucasus. According to industry estimates, this route could reduce transit times between Asia and Europe to 12–15 days, compared with approximately 40 days by sea, strengthening Turkey's position as a key logistics gateway. Ankara has increased diplomatic and economic cooperation with Iraq, Azerbaijan and Central Asian countries in order to secure alternative energy. The Central Bank of the Republic of Türkiye (CBRT) raised its year-end inflation forecast for 2026 from 16% to 24%, while its broader forecast now projects inflation at 26% in 2026, citing the direct impact of the Iran war on energy prices, transport costs and global uncertainty. To counter inflationary pressures, CBRT maintained its benchmark interest rate at 37%, one of the highest policy rates among G20 economies, and announced that tight monetary conditions would remain in place for longer than initially planned. Finance Minister Mehmet Şimşek reactivated a fuel-tax adjustment mechanism designed to cushion consumers and businesses from rising oil prices by reducing part of the Special Consumption Tax (SCT) burden.	
Israel	
Israel's economy has proven relatively resilient, but the war with Iran has imposed substantial fiscal and economic costs and reduced growth prospects. Before the conflict, Israel expected economic growth of around 5% in 2026. Forecasts have since been revised downward, with the Finance Ministry projecting growth of only 3.3–3.8%, depending on the duration of the war. Israel has decided to tackle the economic slowdown and is keeping its key interest rate at 4% to curb inflation. The country is seeking to ensure economic stability. The country is now less vulnerable to economic fluctuations thanks to the Leviathan and Tamar offshore gas fields. To ensure a degree of economic continuity, the country has implemented a compensation plan for businesses, funded by the Property Tax Compensation Fund. Compensation will be adjusted based on the extent of damage caused by the missile attacks.	A regression analysis of Israel's construction sector since 1999 suggests that a 60% increase in Brent oil prices leads to a 1.6% rise in housing construction costs and a 4% increase in infrastructure input costs over a three-month period, consistent with observed supplier price hikes of 10–20% for key materials such as aggregates, concrete, and steel (Israeli Builders Association).

The country has chosen to significantly expand its security and strategic infrastructure at the expense of certain civilian projects. Nevertheless, there is a growing demand for shelters and critical infrastructure to protect the population from attacks. Other measures: • Bank of Israel keeps key interest rate at 4% • Revision of the war budget • Implementation of a compensation plan • Implementation of shorter paid leave for workers	
Saudi Arabia	
Saudi Arabia is both a beneficiary and a victim of the Iran conflict: higher oil prices increase fiscal revenues, with each $10 rise adding roughly $20 billion, but disruptions in the Strait of Hormuz have reduced output and forced export rerouting. While the economy remains resilient, GDP growth has slowed to around 2% as non-oil sectors weaken and investment uncertainty rises, particularly in large construction and diversification projects such as Vision 2030 initiatives. Saudi Aramco said Q1 profit rose 25% as the Iran war disrupted global oil supplies and pushed up prices. The company shifted some exports away from the Strait of Hormuz via its East-West Pipeline, now operating at full capacity. However, the Saudi economy is likely to contract sharply in the second quarter of 2026, largely due to the oil sector's loss of access to the Strait of Hormuz. Consequently, Saudi oil production will remain below preconflict levels. If oil production is in a range of 7 mb/d to 7.5 mb/d during April-June, this would imply a contraction in real oil GDP in the second quarter of 2026 of between 19% and 25% relative to the first quarter. Other measures: • Implementation of measures to protect refineries and oil infrastructure from drone attacks • Reducing dependence on the Strait of Hormuz	Saudi Arabia has temporarily suspended new contracts with Western consulting firms and delayed some payments across state-linked entities, including the Public Investment Fund (PIF), amid rising fiscal caution linked to the Iran–Israel–US conflict. The measure, introduced in early May and lasting until the end of June, reflects a tighter control of public spending despite record oil revenues driven by the war. At the same time, the article highlights broader structural adjustments in Saudi Arabia's investment strategy: several Vision 2030 megaprojects such as NEOM are being scaled back, delayed, or removed from budget plans due to rising costs and weaker investor appetite. While officials deny a full payment freeze, the shift signals increasing financial discipline and growing tension between geopolitical uncertainty and the financing of large-scale transformation projects.
Qatar	
Like its Gulf neighbors, Qatar has had to implement the same crisis management measures to cope with the conflict. The primary goal is to secure the Ras Laffan region, home to the world's largest natural gas liquefaction plant, as well as to maintain global exports by finding alternative routes. Iranian strikes damaged facilities at Ras Laffan leading to the loss of approximately 17% of the country's LNG export capacity. QatarEnergy estimates this could result in around $20 billion in lost annual revenue, with repairs potentially taking 3 to 5 years.	According to KPMG, the Iran conflict is increasing risks across Qatar's construction, infrastructure, and real estate sectors by disrupting LNG exports, shipping routes, and supply chains. The report expects higher costs for steel, cement, equipment, logistics, insurance, and project financing, creating significant CAPEX pressure and increasing the likelihood of project delays. KPMG also warns that the government may reprioritize spending toward

According to S&P Global Ratings and the World Bank, Qatar's financial reserves, particularly through the QIA and central bank reserves, serve as a buffer capable of absorbing part of the economic shock caused by the conflict and disruptions to LNG exports. Measures and key facts: • Prioritizing the protection of energy infrastructure • Seeking new alternative routes to reduce dependence • Using its financial reserves to absorb the economic shock • Potential GDP contraction of 14% in FY26 if conflict extends through April 2026 • 86% reduction in vessel traffic through the Strait of Hormuz • USD 600 million in daily regional tourism revenue loss • Up to 80% surge in air freight costs on impacted corridors • Over USD 50 billion in combined infrastructure capex now at risk of delay	strategic and resilient infrastructure, particularly energy, logistics, and security assets, while some traditional infrastructure and real estate projects face slower delivery and higher risk premiums. The study highlights that over $50 billion of LNG-related infrastructure investments, including the $30 billion North Field East expansion, could be affected by logistical disruptions and equipment import delays.

LATIN AMERICA

Chile

Chile's economy grew by 2.6% in 2025, but activity weakened at the start of 2026. Real GDP rose by only 0.2% over the year to the first quarter, as resilient domestic demand was partly offset by a significant decline in net exports. Inflation picked up sharply in April, with headline consumer prices rising by 4%, up from 2.8% in March. Labour market conditions remain soft, with the unemployment rate reaching 8.9% in March.

Rising international oil prices, driven by the ongoing conflict in the Middle East, have rapidly translated into higher domestic fuel costs. The authorities have largely passed these increases through to consumers while relying on the fuel price stabilization mechanism (MEPCO) to mitigate sharp fluctuations and limit fiscal pressures. Policy measures have been targeted, including enhanced support for kerosene users, a freeze on public transport fares in Santiago, and temporary subsidies for taxi and school transport operators.
Although Chile has limited direct trade exposure to the Middle East, it remains vulnerable to the indirect effects of higher global energy prices. In addition, slower global economic growth could dampen demand for Chilean exports. Nonetheless, the country's terms of trade are expected to improve in 2026, as elevated copper prices are projected to more than offset higher energy costs (OECD).

Measures:
- Action taken through MEPCO to stabilize fuel prices (Decree 103 of March 26, 2026)
- Diesel prices rise by 580 Chilean pesos per liter (€0.56)
- Government support for public infrastructure through investments
- At the end of April, Brent crude remains 22% above pre-conflict levels

The Chilean Chamber of Construction studied the impact of the war on the construction sector in the country:

Housing
- Total housing investment is projected to grow by 3.4% in 2026, driven mainly by an 11% increase in private housing investment, while public housing investment remains essentially flat.
- However, higher mortgage costs and inflation could limit the recovery of housing demand.

Infrastructure
- Total infrastructure investment is expected to grow 5.1% in 2026, supported by public infrastructure (+12.8%), despite a projected decline in productive infrastructure investment (-5.2%).

Construction Costs
- If oil prices remain elevated, construction material prices could rise between 6% and 9% under the central scenario and up to 11%–16% under an extreme scenario.
- Housing construction costs could increase by:
  - 6.0% under a truce scenario,
  - 10.5% under the central scenario,
  - 16.5% under an escalation scenario.
- Public infrastructure projects are particularly vulnerable, with potential cost increases ranging from 8.5% to 24.4%, especially in road construction.

Colombia

The economy grew 2.6% in 2025, up from 1.5% in 2024, driven by private consumption, buoyed by record remittances, resilient labor markets, and elevated coffee prices and strong government spending. Poverty stood at 35.5% in 2025. Growth is projected at 2.2%in 2026 and 2.4% in 2027, as remittances, higher minimum

Colombia's Construction Chamber CAMACOL publishes regularly about the construction activity. The latest reports are available here.

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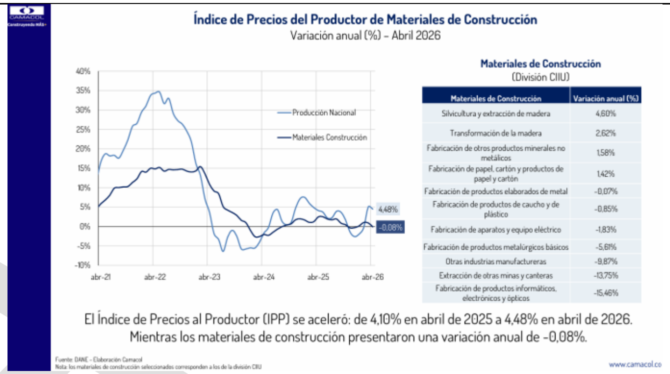
wages, and stronger oil export receipts sustain consumption and the external position, partly offsetting the drag on investment from monetary tightening, fiscal consolidation, and global uncertainty.
Downside risks are significant, centered on fiscal slippage, especially ahead of the 2026 elections, wage-driven inflation, and external shocks from Middle East conflict and trade tensions (World Bank).

Oil accounts for roughly 30 to 40% of Colombia's exports and a significant share of government revenues. Rising crude prices resulting from Middle East tensions therefore improve export earnings, tax revenues, and the trade balance. This provides short-term support to public finances and the Colombian peso (IMF).

Despite benefiting from higher export prices, Colombia remains vulnerable to higher fuel, transport, and import costs. Rising oil prices tend to increase inflation through logistics and consumer prices, complicating the central bank's efforts to reduce interest rates.
In response to the rise in oil prices triggered by the war in Iran, Colombia has maintained its Fuel Stabilization Fund (FEPC) to absorb part of the energy shock (estimates show that the greatest pressure comes from diesel), but the rising cost of subsidies is now prompting the government to consider a gradual increase in diesel prices to limit the public deficit.

Measures:

- A reduction of 1,000 pesos per gallon (€0.23) since the beginning of 2026
- Continuation of the FEPC (Fuel Price Stabilization Fund)



Mexico

The economy is projected to expand by 0.8% in 2026 and 1.8% in 2027. Growth will be driven primarily by domestic demand, with private consumption supported by low unemployment levels. Declining interest rates are expected to gradually stimulate private investment, although its recovery is likely to remain gradual amid continued domestic and global policy uncertainty.
Public consumption and investment will remain constrained due to ongoing fiscal consolidation. On the external side, exports of computer equipment are expected to remain resilient, while other export sectors will face headwinds from trade tariffs, weaker growth in the United States, and heightened global uncertainty linked to the evolving conflict in the Middle East.
Inflation is projected to decline gradually, reaching 3.2% in 2027 (Banco de Mexico).

Policy responses to rising energy prices should become more targeted, focusing on the most affected households and SMEs, while also encouraging energy efficiency and conservation. Strengthening fiscal revenues and improving the efficiency of public spending would help preserve fiscal sustainability and create room for productivity-enhancing investment.

The Mexican Chamber of the Construction Industry (CMIC) has issued repeated warnings about the consequences of international energy and trade tensions for the Mexican construction sector. The CMIC highlights in particular the rising costs of steel, aluminum, energy, and logistics infrastructure, while calling for increased investment in the country’s energy infrastructure, supply chains, and energy security.

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Monetary policy should remain data-dependent, with the policy rate kept at its current level until there is clear evidence that inflation is converging sustainably toward the 3% target. Increasing the share of electricity generated from renewable sources would support decarbonization, enhance energy security, and improve the country's attractiveness for investment (OECD). The country does not import Iranian oil directly but is nonetheless subject to price fluctuations. To counter this, the government is utilizing a mechanism known as the IEPS (Special Tax on Production and Services). The government has decided to reduce the IEPS on diesel by 35.2% starting in January 2025 (El Pais). Finally, the government has implemented a price cap of 24 pesos per liter following an agreement with 96% of gas stations. Measures: • Reduction of the IEPS • Cap on gasoline prices • Implementation of support for Pemex to stabilize fuel prices in order to protect the transportation and infrastructure sectors	
Panama	
The Atlantic Council reports that the closure of the Strait of Hormuz has reconfigured global shipping flows, increasing demand for alternative routes like the Panama Canal. Daily traffic at the Panama Canal is up by an estimated 20% compared to the end of February (from thirty-four daily transits up to peaks of forty-one transits on some days). The graphs below show that since the Iran war began, crossings by deep-draft vessels have risen notably. Energy-transporting ships—particularly tankers—have driven that growth. Comparing the canal's fiscal year thus far (October 2025 to today) to the same months in the previous fiscal year, the number of vessels carrying liquefied natural gas has doubled, while the number of tankers carrying oil has risen up to 37% (Atlantic Council). Energy analyst and former national energy secretary Jorge Rivera Staff warned that diesel prices in Panama City could rise by another 50 cents if the upward trend in international fuel prices continues. He said that would push diesel above the psychological barrier of $5 per gallon (Panama Daily). Measures: • In response to rising fuel prices, the government has set a price cap of $0.90 per liter for diesel and $0.88 per liter for gasoline.	
Venezuela	
The immediate impact of the conflict in the Middle East could be felt in revenue. Analysts like Alejandro Grisanti, director of Ecoanalítica, warn that attacks on energy infrastructure, the blockade of the Strait of	

Hormuz—through which a third of the world's crude oil passes—and damage to refineries would strain global supply. Venezuela currently produces about 1.2 million barrels per day, a modest but strategic share in the context of an energy crisis. According to Grisanti, for every additional dollar in the average price of crude oil in 2026, the country would receive about $400 million extra; if the recent price increase continues, this could add around $2.4 billion (El Pais). However, structural constraints such as low production capacity, infrastructure deterioration, and sanctions, limit its ability to fully capitalize on the shock. Early March, the US government decided to ease the sanctions on Venezuela: the Treasury issued a broad authorization allowing Petróleos de Venezuela S.A., or PDVSA, to directly sell Venezuelan oil to US companies and on global markets, a massive shift after Washington for years had largely blocked dealings with Venezuela's government and its oil sector. Separately, the White House said President Donald Trump would waive, for 60 days, Jones Act requirements for goods shipped between US ports to be moved on US flagged vessels (AP News).	
Brazil	
On the one hand, as a major oil producer (around 3.7 million barrels per day), rising prices could benefit the sector and position Brazil as a strategic supplier outside the conflict zone. For instance, its oil exports to China rose from $3 billion in 2024 to $7.2 billion in the first half of 2026. However, experts estimate that higher oil prices on the international market will eventually put pressure on fuel prices in the domestic market. Transportation in Brazil is primarily done by truck, so the increase in diesel prices ultimately raises food prices and spreads inflation across all sectors of the economy. Another area of concern for Brazil is agriculture. Its agricultural sector is heavily dependent on fertilizer imports, which in turn rely on natural gas. If the conflict significantly impacts gas prices and raises global costs, Brazil could see its agricultural inputs become more expensive (El Pais). In April 2026, Brazil implemented a 31 billion reais ($6 billion) energy support plan to limit the impact of rising oil prices linked to the war in Iran. The program includes diesel subsidies, cooking gas assistance, and tax breaks on certain fuels. Its funding relies in part on additional revenue from higher oil prices and a 12% tax on crude oil exports. Measures: • Oil exports to China have doubled • Introduction of subsidies for gasoline and diesel • Key interest rate held at 14.75% • Energy support subsidy plan for households	Although Brazil has managed to benefit from the war, the National Construction Cost Index (INCC) recorded a 1% increase, the sharpest rise since 2011. This increase comes on top of the country's difficulties in recruiting labor and high interest rates. The cost of materials and equipment grew 1.38%, while services grew 1.12% and labor, 0.52%. The biggest contributions to this increase, according to FGV, were the mass of concrete (4.09%), PVC pipes and fittings (4.82%), common Portland cement (3.73%) and elevator (0.83%) (CBIC).

Argentina	
Real GDP is projected to grow by 2.8% in 2026 and 3.5% in 2027, driven mostly by exports from the energy, mining and agricultural sectors. Private investment is benefiting from an increasingly favourable business environment. Private consumption growth will remain modest, limited by high interest rates and a slow recovery of real wages. Higher oil prices will slow the pace of disinflation (OECD). In Argentina, higher oil prices are increasing the profitability of energy exports, which are expanding thanks to rising production from Vaca Muerta, the unconventional oil and gas field in Patagonia that underpins President Javier Milei's ambition to transform the country into an energy powerhouse. The country's daily production now stands at 880,000 barrels per day, and after 2026, the plan is for Vaca Muerta to become an export hub generating 37.5 billion annually. In addition, elevated prices are making investment in the basin more attractive, as expanding output requires significant infrastructure development, including fracking capacity and transport networks. According to Marcelo Elizondo, an economist specializing in international trade, the conflict could also drive-up agricultural commodity prices, another key pillar of Argentina's export base, which accounts for around 60% of total exports. Rising fertilizer costs—given that Iran produces around 15% of global urea—along with higher fuel expenses for agricultural machinery and increased freight costs for grain exports, are all expected to exert upward pressure on prices. However, the overall impact is not unambiguously positive. Higher global prices for basic goods could feed into domestic inflation in a country that is highly sensitive to price dynamics. This may further complicate President Milei's efforts to stabilise an economy that has long struggled with inflationary pressures, including the sharp 210% annual increase recorded in 2023 (El Pais). Measures: • Boosts oil and gas production • Increased export plan • $6 billion investment plan for the Vaca Muerta site	

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NORTH AMERICA

Canada	
Following the escalation of conflict in the Middle East and disruptions to shipments through the Strait of Hormuz, global oil prices were pushed from roughly \$60 to \$100 per barrel. The country is seeking to mitigate the impact of the oil price shock and has implemented a policy to protect citizens from the pressure caused by high fuel prices, introducing a tax relief measure that will remain in effect until September 2026. In total, the reduction amounts to 10 cents per liter on gasoline and 4 cents per liter on diesel. In addition, Ottawa is seeking to strengthen the national energy strategy and is accelerating development projects in LNG, nuclear power, electricity, and energy infrastructure. Measures: • Temporary suspension of federal excise tax rates on gasoline, diesel, and aviation fuels • Strengthening the national energy strategy	The Canadian Construction Association (CCA) has warned of the indirect consequences for the Canadian construction sector. In its Spring 2026 Economic Report, the association also highlights the risks facing North American supply chains and sectors heavily reliant on steel, while calling for efforts to strengthen regional supply resilience. Construction GDP declined by 0.6% in Q4 2025 after six consecutive quarterly gains. The quarterly pullback was driven mainly by engineering and other construction activities, which fell 1.4% after strong growth in Q3. Looking ahead, building permits rebounded by 9.8% in Q4 – the strongest quarterly increase since late 2021 – reflecting broad-based gains across sub-sectors and provinces. Despite the rebound, total permit values for 2025 finished 2.5% below 2024 levels. The Building Construction Price Index (BCPI) rose 4.1% year-over-year (YOY) in Q4, led again by metal fabrications, structural steel framing, concrete, and plumbing. Steel-related pressures continue to add to bid prices, leaving projects with large structural steel and metal fabrication components exposed to the strongest increases. Factory construction remained the fastest-rising segment, with costs up 6.2%, while high rise in apartment cost inflation eased to 2.2%.
United States	
The strongest effect on the US economy comes from energy prices: - Oil prices rose sharply after the escalation of the Iran conflict, driven by fears around the Strait of Hormuz (20% of global oil flows) - Economists estimate this has added about +0.5 to +1.0 percentage point to US inflation depending on duration and severity - Higher oil prices reduce consumer spending power, lowering real consumption growth (estimated below 1–2% in some scenarios) - ICIS estimates suggest a ~0.3 percentage point drag on GDP growth in a moderate shock scenario	The Associated General Contractors of America (AGC) is warning that rising metal and fuel prices could affect construction project costs and timelines.

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Measures: • Release of 172 million barrels of crude oil from their Strategic Petroleum Reserve as part of the action coordinated by the IEA • Additional exchange of 10 million barrels • Elimination of the federal tax of 18.3 cents per gallon on gasoline and 24.3 cents per gallon on diesel to mitigate the impact of the economic shock and protect households	

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