

A framework to understand a new global gas order

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A challenge to the established order

The U.S. and Israeli war against Iran has increasingly the potential to materially change the expectations that underpin the outlook for global gas markets. The current international order has been maintained by a common set of rules, institutions, interests and values, that the events of the last weeks are seriously challenging. This can be interpreted as a key step towards the invalidation of the assumptions that had underpinned the previously existing international gas order. This can be defined as being characterised by the free, predictable and reliable movement of molecules in an increasingly liberalised and interconnected global market, in which geopolitical disruptions are controlled and mitigated by established multilateral frameworks.

[The statement made on Truth Social](#) by President Trump on 31st March plays an especially important role in the challenging of this framework. This needs to be taken in the context of other contradictory statements made in recent days, but that overall appear to be the expression of the same political direction: a signal of the U.S. abdication of its role as a guarantor of the stability of global energy trade, particularly in the Middle East. This represents yet another inward-looking turn of the world's superpower which served as the linchpin of the global liberal order. This turn has to be considered in combination with Washington's growing boldness in asserting its short-term strategic priorities with no regard to historical alliances or international and domestic law. It is this crucial change that has the potential to reshape the fundamental geopolitical and economic expectations that inform the evolution of global gas markets.

Any resolution of the current conflict that does not restore the previously existing freedom of navigation in the Strait of Hormuz or that creates the conditions for further flare-ups in this critical waterway over the coming years will therefore seriously challenge the existing set of assumptions on the functioning of gas markets described above. Crucially, the likelihood of such a resolution is increasing with every passing day, and it needs to be considered very seriously in light of the above-mentioned recent statements by the White House. According to the authors, the only option returning the market to a resemblance of the pre-war status quo now appears to be the rapid replacement of the current regime in Tehran with one that is stable, and possibly more favourably seen in the West. That goes along with the sweeping achievement of all U.S. and Israeli war aims. At present, there appears to be no clear route pointing towards such a resolution. Even considering the latest comments by the White House that the war might be ending within two to three weeks, President Trump suggested the conflict

could cease without an agreement to reopen energy flows through the Strait: a statement that concurs with our assessment that the international gas order is currently under threat and that the rules, norms, and institutions governing it could be upended by the developments in the Persian Gulf.

Understanding what a new global gas order could look like

The three lenses below provide a framework to understand what a new global gas order could look like in the next future, provided that Iran will not witness a regime change and align its interests with the West:

1. **Geopolitics** – The breakdown of international norms and established multilateral frameworks creates a structurally more volatile environment for all energy stakeholders. Stakeholders should take into the account the ongoing deterioration of the U.S.-Europe relationship, which may lead to a breaking point during the Trump administration. Moreover, stakeholders should consider the threat of a Middle East left in a state of chaos, with decreased U.S. influence. These conditions may also create a window of opportunity for Russia, possibly emboldened by economic windfall and sanctions relief. This creates the conditions for an lack of order in the Middle East, with energy markets left in a weakened status and possibly being [explicitly weaponised for political aims](#).
2. **Economics** – A prolonged energy supply shock centered on the Strait of Hormuz, directly involving the Persian Gulf and Arab Sea while possibly expanding to the Gulf of Oman, the Red Sea and Bab el-Mandeb Strait, would lead to a global economic crisis and downgrade prospects for long-term economic growth. This is particularly true for South and Southeast Asian markets, with nations risking prolonged fiscal crises. The economic story of Gulf countries as wealthy, open and secure markets supported by large hydrocarbon export revenues may also be severely hit and permanently compromised, affecting economic diversification away from fossil fuels while undermining upstream, midstream, and downstream investments in the energy sector.
3. **Gas market balances** – The new order would see a global gas market in which the availability of the three largest sources of current supply and of future expansion – the Persian Gulf, Russia and the U.S. – become almost entirely dictated by geopolitics and international relations. Flows from the first two of these sources are currently taken out of the market or curtailed by active conflicts, sanctions and embargoes: all political developments of which a positive resolution cannot be taken for granted. Also, the domestic political scenario within the U.S. and its trade policies need to be seriously understood as increasing the influence of politics in the outlook for U.S. gas exports. This may upend the long-held assumption of stability, openness and reliability that has characterised the U.S. These fundamental changes are likely to lead to large and unpredictable swings in market balances, with the possibility that volumes could be suddenly taken into and out of the market due to political and geopolitical motivations. The risk of a protracted disruption to trade via the Strait of Hormuz is therefore fundamental here, as it would upend the only major supply route that could before the war be considered reliable and relatively free from geopolitical interference. This demonstrates the significance of the events of recent weeks and why they are a crucial step to the creation of what we have defined as a new global gas order.

We had already discussed [in an earlier paper](#) the potential long-term consequences of an extended U.S. and Israeli war against Iran. The conclusions reached in that paper still hold and would likely be amplified if the transition to this potential new global gas order was to be complete. There are however some impacts that need to be highlighted and further discussed in light of the more significant geopolitical and economic transition which now appears possible.

The most important trait of this potential new order is that strategic independence from a volatile global gas market would become a primary driver of energy policy for importers. In this context, successful industrialisation and economic growth models would depend less on access to low-cost hydrocarbon reserves in resource-rich regions, as characteristic of recent decades and of the second half of the twentieth century. Instead, domestic industrial production capacity and the reliability of existing supply sources would become a central element of successful strategies. In this model, electrification becomes a key route for increased utilisation of domestically available resources (for many markets a combination of coal and renewables, eventually linked to gas when domestically available). This environment is likely to result in limited interest in decarbonisation for decarbonisation's sake but rather turn the achievement of lower emissions as a secondary consequence of a structural decline in the exposure to hydrocarbons, which is pursued as a countermeasure to geopolitical volatility.

From the perspective of the LNG market, the potential for demand growth from emerging Asian markets is likely to be significantly downgraded. On top of the above-mentioned drivers pointing at a prioritization of import independence, a severe global energy crisis could degrade the previously strong economic growth prospects in South and Southeast Asia. The events of recent weeks demonstrate how these markets remain extremely exposed to a supply shock caused by the closure of the Strait of Hormuz. Such a shock would also likely result in a significant increase in public debt, potentially compromising the ability to run fiscal deficits and subsidise energy consumption. The ability of government entities to play a role in the development of LNG value chains in these markets, either as investors or counterparties to long-term supply contracts, would also be put into question by such an economic and fiscal crisis.

The key takeaway here is that a global energy supply crisis and a more volatile new global gas order generate significant challenges to the creation of new dependencies on imported LNG in emerging markets. This is because these markets ultimately depend on the affordable, reliable, and predictable availability of supply to turn their growth potential into reality. This is especially relevant as the global LNG market has just committed to its largest expansion to date. This has been largely based on the speculation that lower prices and a wave of new supply would trigger rapid growth in these buyer markets, which would then mature to underpin sustained long-term global demand growth. This assumption now appears to be under threat.

The consequences for market participants

While it may appear paradoxical in the middle of a deepening global supply crisis, and it may in fact take time for this to be fully realised, these changes could give more market power to importers with existing gas infrastructure and well-developed markets. This is because, in a global market whose long-term growth is structurally downgraded and in which growth in emerging markets is made highly uncertain, positions in established markets become a crucial source of stability for suppliers, securing optionality and resilience against global market swings.

This is likely to be especially the case for Europe. European gas demand is likely to remain resilient in the face of global instability due to established dependency in sectors where gas is harder to replace, such as heating and industry. The resilience of gas is also structurally supported by the current unavailability of alternatives such as coal and nuclear power in many European countries. This new global gas order could then complete Europe's transition from the global swing buyer role it played in the 2010s to a key global anchor market in the 2020s and 2030s.

European policymakers are therefore at a crossroad: one option is for Europe to play the role of a more opportunistic and pragmatic actor. Rather than actively dismissing and interfering with market mechanisms, as happened in the past, this choice could result in more leverage and market power, with Europe better placed to navigate a changed global order. The alternative would likely be a continued deterioration of European political and economic power in a more volatile world. If this was the case, the previously relied upon energy import flows remain a strategic vulnerability in a world where Europe is increasingly politically isolated.

In this new order, China could also stand to benefit, but more likely by playing the role of a more price-sensitive and opportunistic buyer. For Beijing, LNG has a less crucial role in its total energy mix, given the potential for growth in domestic production and potentially flexible pipeline imports from Russia, considered an alternative to geopolitically affected LNG imports.

Finally, as we discussed above, the new global gas order is likely to result in larger and less predictable swings in market balances driven by changes in a fragile and fractured geopolitical order. From the perspective of LNG suppliers and portfolio players, the ability to catch large upsides and to bear periods of extended oversupply becomes crucial. As described above, the value of optionality and access to reliable markets increases in this new order. This could also lead to an increased relevance for shorter timeframe and more risk-taking measures to generate returns from existing assets. This is a direct result of a structural weakening of long-term demand growth prospects, which may make more unpredictable an eventual peak in global LNG demand.

[As we discussed in this paper](#), large and highly diversified portfolios, which have a size and global footprint that gives the ability to navigate and maximise the benefits of these market swings, are also likely to further gain market power as a result of these changes.

Conclusion

As the fundamental assumptions that underpinned the previously existing global gas order witness significant challenges, a new order could be taking shape before our eyes. The events of March 2026 are fundamentally challenging the established market set of rules, expectations for future growth, and the background political equilibrium that underpinned it. To succeed in these volatile conditions and highly uncertain times means understanding the full potential impact of these changes, leveraging the changing balance of power that they will bring, both at an economic and political level. This discussion has aimed to provide an initial framework to understand what the results of these changes could be. The crucial conclusion of this analysis however remains that, in this period of high uncertainty, the reliance on the pre-war status quo is highly dangerous: energy stakeholders should therefore be ready to reconsider their assumptions regarding the mechanisms and rules underpinning the international gas order.