

RCAS Commentary

Can the Gulf-South Asia Corridor Rewire Global Trade and Energy Flows?

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April 25, 2026

About RCAS

香港亞洲研究中心| The Hong Kong Research Center for Asian Studies (RCAS) is a nonprofit research organization focusing on Asian affairs. It is a newly established institution founded in February 2022 by Dr. Nian Peng in Haikou and subsequently moved to Hong Kong in September 2023. We currently have an international research team with nearly 100 resident/nonresident researchers from China and other countries.

RCAS aims to become a leading research institute and think tank on Asian affairs in the Indo-Pacific region. To date, RCAS has conducted research programs on maritime disputes in the South China Sea (SCS), China's relations with the Indo-Pacific states, the Belt and Road Initiative (BRI), terrorism/counterterrorism in the Afg-Pak region, and so on. It is committed to promoting maritime cooperation, regional integration, and regional peace in the Indo-Pacific region at large.

RCAS has published nearly ten books in Chinese and English and more than 20 papers in SSCI/SCOPUS/CSSCI-indexed journals. Recent English publications include *Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives* (Singapore: Springer Nature, 2022); *Pakistan's Foreign Policy: Contemporary Developments and Dynamics* (London: Routledge, 2022); *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry* (Singapore: Springer Nature, 2021); *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic* (Singapore: Springer Nature, 2021); *Territorial Disputes, The Role of Leaders and The Impact of Quad: A Triangular Explanation of China-India Border Escalations* (2023); *Managing the South China Sea Dispute: Multilateral and Bilateral Approaches* (2022); *China-Pakistan Cooperation on Afghanistan: Assessing Key Interests and Implementing Strategies* (2022); *Hedging Against the Dragon: Myanmar's Tangled Relations with China since 1988* (2021); and *China-Pakistan Conventional Arms Trade: An Appraisal of Supplier's and Recipient's Motives* (2020).

RCAS has also published hundreds of articles, and its researchers have been interviewed in various local and international media outlets, such as *The Diplomat* in the United States, *East Asian Forum (EAF)* in Australia, *Bangkok Post* in Thailand, *Jakarta Post* in Indonesia, *Lian He Zao Bao*, *Think China* in Singapore, *South China Morning Post (SCMP)*, *China-US Focus* in Hong Kong, *CGTN*, *Global Times*, *World Affairs* in China. RCAS researchers have actively participated in international conferences or study visits in the United States, India, Pakistan, Sri Lanka, Nepal, Myanmar, Cambodia, and other places.

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The escalating US-Israeli confrontation with Iran has repeatedly brought traffic through the Strait of Hormuz to a near standstill, triggering a global energy supply crisis. In response, the Middle East and South Asian countries have begun to promote regional cooperation, bringing some stability to global energy security and trade.



▲ In this handout photo provided by U.S. Central Command, U.S. forces patrol the Arabian Sea near M/V *Touska* on April 20, 2026, after firing upon the Iranian-flagged vessel that the U.S. accused of attempting to violate the U.S. naval blockade of Iranian ports near the Strait of Hormuz. U.S. Navy | Getty Images.

Developing alternative routes

The Gulf countries, particularly Saudi Arabia and the United Arab Emirates (UAE), are bearing the brunt of the crisis. Confronted with risks posed by the blockade of a critical chokepoint, these countries have moved to develop alternative routes that bypass it.

As a key Gulf state, Saudi Arabia has developed seven major Red Sea ports—including Jeddah Islamic Port, King Abdullah Port and Yanbu Commercial Port—into regional logistics hubs. Containers and cargo originally scheduled for loading in the Persian Gulf are instead loaded at Red Sea terminals and transported via overland corridors across Saudi territory to neighbouring countries such as Kuwait, Bahrain, Qatar, Iraq and the UAE, thereby reducing dependence on the Strait of Hormuz.

Meanwhile, the UAE has shifted part of its oil exports to the Port of Fujairah on the Gulf of Oman for overseas shipment. Iraq is exporting oil through pipelines in the Kurdistan region to Turkey's port of Ceyhan.

Although both Saudi Arabia's Red Sea corridor and the UAE's alternative route via the Gulf of Oman remain within potential strike range of Iranian missiles due to their geographical proximity — thus security threats from Iran remain — these alternative routes have, in the short term, helped ease the global energy supply crunch, slowed the surge in oil prices, and provided much-needed breathing space for neighbouring countries heavily dependent on Middle Eastern oil and gas resources.

More importantly, amid the uncertain prospects of US-Iran negotiations, intensified cooperation among Middle Eastern countries and their neighbours to develop alternative routes has not only enhanced the resilience of global energy supply chains, but also strengthened their own capacity to withstand risks.

Even if the US and Iran ultimately reach an agreement and conflicts in the Middle East subside, the strategic value of these alternative energy routes is unlikely to diminish.

Accelerating existing infrastructure projects

Furthermore, it is highly probable that the Middle Eastern countries will be determined to address existing bottlenecks such as limited transport capacity and high logistics costs. They are also expected to gradually expand these corridors from energy transport to broader cargo trade and ultimately to regional trade hubs, reshaping the economic landscape of the Middle East and its surrounding areas.

Beyond the Gulf countries, South Asian countries geographically close to the Middle East are also suffering from energy shortages, which may in turn lead to adverse outcomes such as food security risks and social instability. This has further injected new momentum into long-stagnant regional energy cooperation in South and Central Asia.

For instance, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, a cross-border natural gas pipeline spanning approximately 1,814 kilometres across Turkmenistan, Afghanistan, Pakistan and India, has seen renewed prospects amid the Strait of Hormuz crisis.

Recently, Turkmenistan and Afghanistan reached an agreement to accelerate the construction of the pipeline, with both sides expressing optimism that it could reach the western Afghan city of Herat by the end of this year.

Although the pipeline needs to be extended to Pakistan and India, which remains a challenge due to ongoing Pakistan-Afghanistan and India-Pakistan tensions, the

energy crisis in South Asia triggered by the US/Israel-Iran confrontation is likely to create new opportunities for the development of a broader Central Asia-South Asia energy corridor.

In addition, the CASA-1000 electrical transmission and trade project, which spans Kyrgyzstan, Tajikistan, Afghanistan and Pakistan, continues to advance. It is expected to help alleviate electricity shortages in South Asia triggered by potential disruptions in the Strait of Hormuz.

These trans-regional energy infrastructure projects between Central and South Asia will not only enable South Asian countries that are highly dependent on Middle Eastern oil and gas, and the Hormuz energy corridor, to diversify their energy sources and enhance energy security, but also elevate the role of Central Asian energy in the global supply chain, thereby profoundly reshaping the future of global energy supply chains.

Expanding cross-border trade routes

Beyond energy infrastructure, cross-border trade among the Middle East, South Asia and Central Asia has also made notable progress. On 12 April, Pakistan officially launched a transit corridor with Iran, facilitating the transport of goods from Karachi via Gwadar into Iranian territory, and ultimately reaching Tashkent, the capital of Uzbekistan, via an overland route.

This cross-border trade route is expected not only to improve Pakistan-Iran trade relations, but also to strengthen commercial connectivity among South Asia, the Middle East and Central Asia.

As the Strait of Hormuz faces potential closure and US forces conduct maritime containment operations on the periphery of the Persian Gulf, the risks to maritime trade have increased significantly. Given its heavy reliance on critical chokepoints and ports, maritime trade is highly vulnerable to disruption once straits are blocked or ports are damaged, which can lead to abrupt interruptions in shipping flows. This has directly accelerated the strategic importance of overland trade routes.

The launch of the Pakistan-Iran transit corridor is, to a large extent, an attempt by both countries to mitigate maritime trade risks. It is expected to enhance Pakistan's strategic role, particularly that of Gwadar port, in cross-regional trade linking the Middle East, South Asia and Central Asia, while also strengthening overland trade flows and improving regional trade stability.

Overall, the US/Israel-Iran confrontation and disruptions in the Strait of Hormuz have not only accelerated the development of alternative energy routes and cross-border energy infrastructure, but also stimulated regional cooperation and expanded cross-border trade. This has added greater stability to global energy security and trade,

while at the same time potentially reshaping the global energy supply chain and the landscape of transcontinental land trade.

*This article was first published at Think China, Singapore, April 24, 2026,
<https://www.thinkchina.sg/economy/can-gulf-south-asia-corridor-rewire-global-trade-and-energy-flows>.*

About Author



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