



IMPACT OF THE US-IRAN WAR ON THE AUTOMOTIVE INDUSTRY



KEY TAKEAWAYS



The global sale of light vehicles in 2026 is expected to be muted growing at **1.4%** if the war ends in Q2, selling about 88.5 million units. In the worst-case scenario if the war continues through to Q4, the global sales are expected to **decline by almost 2%**.

01

Asian automakers in **India, Japan and South Korea** are expected to face severe challenges as these countries are heavily dependent on the gulf countries and the Strait of Hormuz for their crude oil , gas and petrochemical feedstock needs

02

The war driven crude oil supply disruption, and increasing fuel prices will prompt consumers to look for more resilient options and **accelerate the adoption of electric vehicles**, a trend which can already be observed across major markets in Q1 of 2026

03

Helium production has been disrupted in Qatar which supplies one third of worlds Helium. It is important for semiconductor chip production. Continued disruption can result in the **disruption of semiconductor supply** to the automotive industry in H2 2026

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European OEMs are not facing a production halt but a **cost cascade**, with chemical suppliers **BASF and Lanxess** announcing surcharges of **30%–35%** on automotive coatings, plastics additives, and specialty chemicals

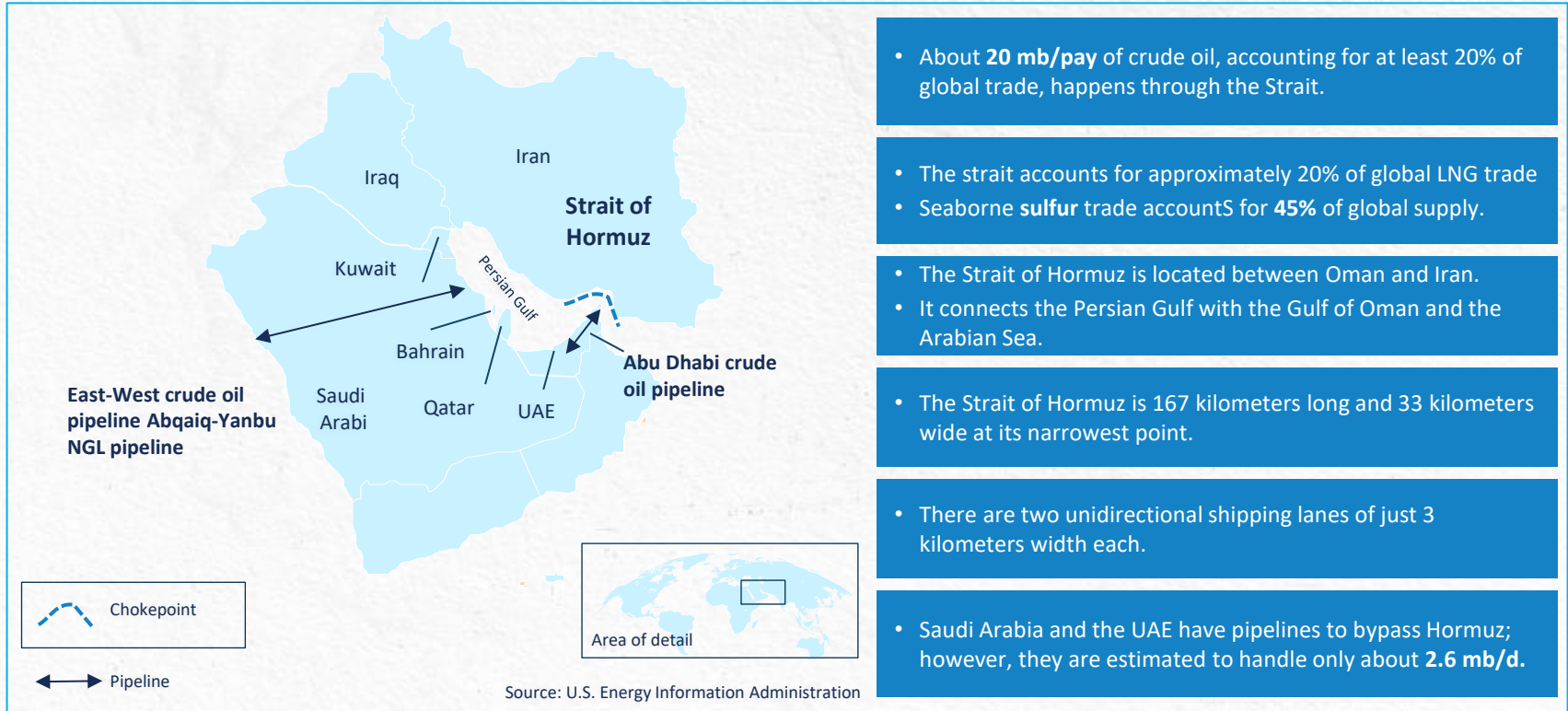
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TIMELINE OF THE 2026 US-IRAN WAR

US-Iran War Impact on the Automotive Industry: Timeline of Conflict, February—April 2026





28 FEB.	1-3 MAR.	4 MAR.	7-10 MAR.	11 MAR.	23-27 MAR.	5-7 APR.	8 APR.
Operation Epic Fury Launched <ul style="list-style-type: none"> • IRGC announces strait closure • Vessel traffic falls 70% within hours • Crude oil prices increase 10%-13% to \$80-\$82/bbl 	Iranian Retaliation <ul style="list-style-type: none"> • Iran retaliates with missile and drone attacks on US bases, Gulf states, and Israeli territory • Jebel Ali port fire disrupts automotive distribution hub 	Strait Formally Closed <ul style="list-style-type: none"> • IRGC formally declares the strait is closed • Iran forces start attacking merchant ships • Brent crosses \$100/bbl for the first time in four years 	Gulf Storage Capacity Reached <ul style="list-style-type: none"> • Iraq and Kuwait hit storage capacity and begin curtailing production • Gulf oil production cut 6.7 mb/d by 10 March 	IEA Releases 400 Million Barrels <ul style="list-style-type: none"> • IEA member countries unanimously release 400 million barrels from emergency reserves • Brent peaks near \$126/bbl before modest pullback 	Ceasefire Talks Stall <ul style="list-style-type: none"> • Brent oscillates between \$102/bbl and \$114/bbl • Iran hits Emirates Global Aluminium • IRGC declares strait closed to any vessel from ports allied to US/Israel 	Iran's Energy Infrastructure Targeted <ul style="list-style-type: none"> • Israel strikes Iran's largest petrochemical complex, Assaluyeh/South Pars • Petrochemical feedstock availability deteriorates further 	Ceasefire Reached <ul style="list-style-type: none"> • President Trump announces that a two-week ceasefire agreement has been reached with Iran • Brent crude oil prices plunge by more than 15% to \$95 /bbl

SIGNIFICANCE OF THE STRAIT OF HORMUZ



HORMUZ CLOSURE—IMPACT ON KEY ENERGY SUPPLY CHAINS

US-Iran War Impact on the Automotive: Crude Oil-Producing Countries Affected, Middle East, 2026

Country	Pre-War Oil Export (Mb/d) Through Hormuz	% of Hormuz Flows	Impact and Alternative Options
Saudi Arabia 	5.5	38%	<ul style="list-style-type: none"> Partial transportation of oil through East-West Petroline through the Red Sea
UAE 	1.9	13%	<ul style="list-style-type: none"> Limited transportation of oil through the Habshan-Fujairah pipeline
Iraq 	3.3	23%	<ul style="list-style-type: none"> Production cut to minimal levels by 10 March; full domestic storage; no alternative routes
Kuwait 	1.5	10%	<ul style="list-style-type: none"> Full production halt; evacuation of Shuaiba port; no alternative routes

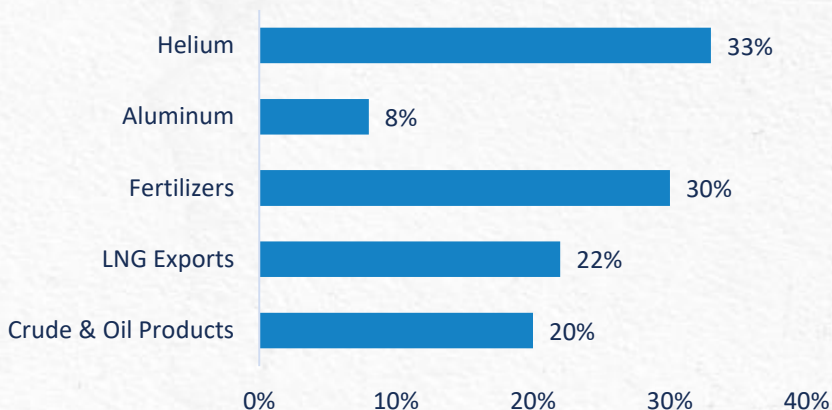
KEY COMMERCIAL INFRASTRUCTURE IMPACTED IN THE UAE

Installation Name	Installation Type	Damage Summary	Operational Status
Ruwais Refinery (ADNOC)	Petroleum Refinery	A fire broke out because of a drone attack. Significant damage was reported, and assessment is ongoing.	Suspended
ADNOC Hashan Gas Plant, Abu Dhabi	LNG/Gas Facility	One of the world's largest refineries, the plant experienced multiple fires caused by debris due to air-defense interceptions.	Partially operational (~60% capacity)
Borouge Petrochemical Plant, Ruwais	Petrochemical Plant	The plant faced multiple fires due to falling intercepted debris.	Resumed (recovered)
EGA's Al Taweelah, KIZAD	Aluminum Smelter	A major global supplier to the auto and aerospace industries had six injured workers, leading to a complete production shutdown.	Shutdown for up to 1 year for repair
AWS Data Centers	Data Center/Cloud	This is the first-ever deliberate state strike on commercial data centers during wartime.	Hard down, extended outage
Oracle Data Center, Dubai	Data Center/Cloud	The IRGC claimed responsibility for the strike. Bellingcat reported that the UAE is downplaying the impact of some hits.	Claimed/disputed
Jebel Ali Port (DP World), Dubai	Port/Maritime	The world's largest man-made harbor and a primary auto distribution hub for the Middle East and South	Fully Operational

HORMUZ STRAIT CLOSURE — COMMODITIES DISRUPTED

US-Iran War Impact on Automotive: Strait of Hormuz Closure Critical Commodities at Risk, % of Supply, Global, 2025

% of critical commodities of global supply passing through Hormuz



Aluminum

- **Aluminium Bahrain** shut down three aluminum smelting lines that account for 19% of its production.
- **Qatalum**, a Qatar-based aluminum smelter, shut down its operations partially due to the gas supply shortage.

Helium

- Qatar produces nearly one-third of the world's helium supply.
- The drone attack on the Ras Laffan complex, which produces a major share of the world's helium, forced it to shut down operations.

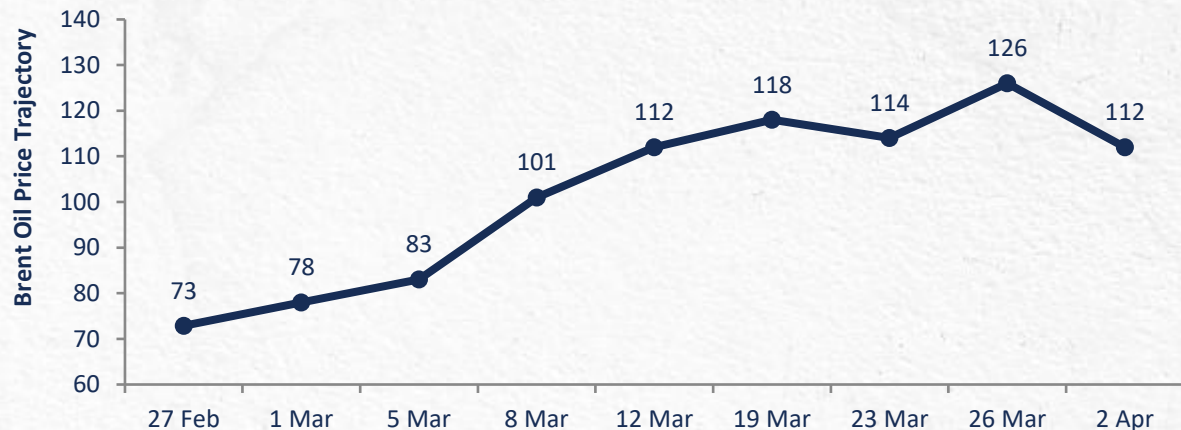


Analyst Perspective

- Helium supply disruptions are expected to impact the semiconductor industry, as helium is vital for chip production
- This could result in a semiconductor chip shortage in 2026, affecting their supply to the automotive industry

BRENT CRUDE OIL — PRICE TRAJECTORY (27 FEBRUARY–2 APRIL 2026)

US-Iran War Impact on Automotive: Brent Crude Oil Price Price Trajectory, Global, February 2026–April 2026



Brent crude rose rapidly from \$73 to \$101 per barrel within the first 10 days, coinciding with the start of strikes and the immediate supply risk.

Prices continued climbing to a peak of \$126 per barrel, but with intermittent pullbacks, indicating mitigating factors such as strategic petrol reserve availability and OPEC response capacity.













Analyst Perspective



- Continued conflict is expected to anchor Brent above \$100–\$110/bbl., due to prolonged supply insecurity, unless there is a clear de-escalation of the war.
- If escalation intensifies, resulting in further damages to related infrastructure, it could push prices back above \$130/bbl., increasing inflationary pressure globally, tightening monetary policy paths, and raising recession risks in import-dependent economies.






CRUDE OIL RISK BY COUNTRY

US-Iran War Impact on the Automotive Industry: Crude Oil Risk by Country , Global,2026





Country	Crude Import Dependency	Strategic Oil Reserve in Days (Approx.)	Intensity of Impact
Japan 	<ul style="list-style-type: none"> Imports 90%-95% of crude oil from the Middle East. 70% passes through the Hormuz Strait. 	250	Low  High
South Korea 	<ul style="list-style-type: none"> Depends on imports for almost all its energy needs. 70% of the crude oil is sourced from the Middle East and passes through the strait. 	210	Low  High
China 	<ul style="list-style-type: none"> Imports approximately 74% of its total crude oil needs. Almost 38% of all crude passing through the strait is destined for China 	104	Low  High
India 	<ul style="list-style-type: none"> Imports 88% of its oil consumption. Depends on the Persian Gulf for 60% of its crude oil. Russian oil purchases have provided a cushion in the short term. 	74	Low  High
Europe 	<ul style="list-style-type: none"> Europe imports 99% of its crude oil, but from diversified sources, such as the North Sea, Norway, and the United States. Only about 4% of Hormuz crude flow is destined for Europe. 	90 (EU Directive)	Low  High
US 	<ul style="list-style-type: none"> Only 2.5% of Hormuz crude flow is destined for the United States. Domestically produced 13.58 mb/d in 2025. 	200	Low  High

CRITICAL COMMODITIES AT RISK IN THE AUTOMOTIVE INDUSTRY

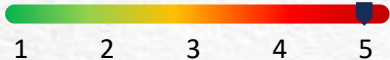
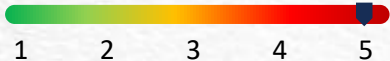

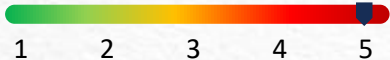
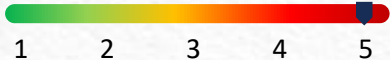
US-Iran War Impact on the Automotive Industry: Critical Commodities at Risk , Global,2026

Commodity	Key Risk Metric	Intensity of Impact
Crude Oil	<ul style="list-style-type: none"> Oil prices rose from \$73 to \$126/barrel because of the war. 	Low  High 1 2 3 4 5
Aluminum	<ul style="list-style-type: none"> 10% monthly price increase at the London Metal Exchange in late March. 	Low  High 1 2 3 4 5
LNG/LPG	<ul style="list-style-type: none"> 2 times increase in European wholesale gas prices. 	Low  High 1 2 3 4 5
Helium	<ul style="list-style-type: none"> 2 times price increase since the war started. Supply severely constrained. 	Low  High 1 2 3 4 5
Fertilizer/ Sulfur	<ul style="list-style-type: none"> The Gulf region accounts for 45% of global sulphur supply. 	Low  High 1 2 3 4 5

KEY SECONDARY MATERIALS IMPACTED

US-Iran War Impact on Automotive: Key Secondary Materials Impacted, Global, 2026		
Primary Commodities	Secondary Materials Impacted	Intensity of Impact
Crude Oil/Naphtha	<ul style="list-style-type: none"> • Polypropylene • Polyethylene • Acrylonitrile butadiene styrene (ABS) • Synthetic rubber • Resins 	Low  High 1 2 3 4 5
LNG	<ul style="list-style-type: none"> • Polyurethane intermediates • Methanol derivatives 	Low  High 1 2 3 4 5
Aluminum	<ul style="list-style-type: none"> • Rolled aluminum • Cast alloys 	Low  High 1 2 3 4 5
Steel	<ul style="list-style-type: none"> • High-strength steel sheets 	Low  High 1 2 3 4 5

KEY AUTOMOTIVE COMPONENTS IMPACTED

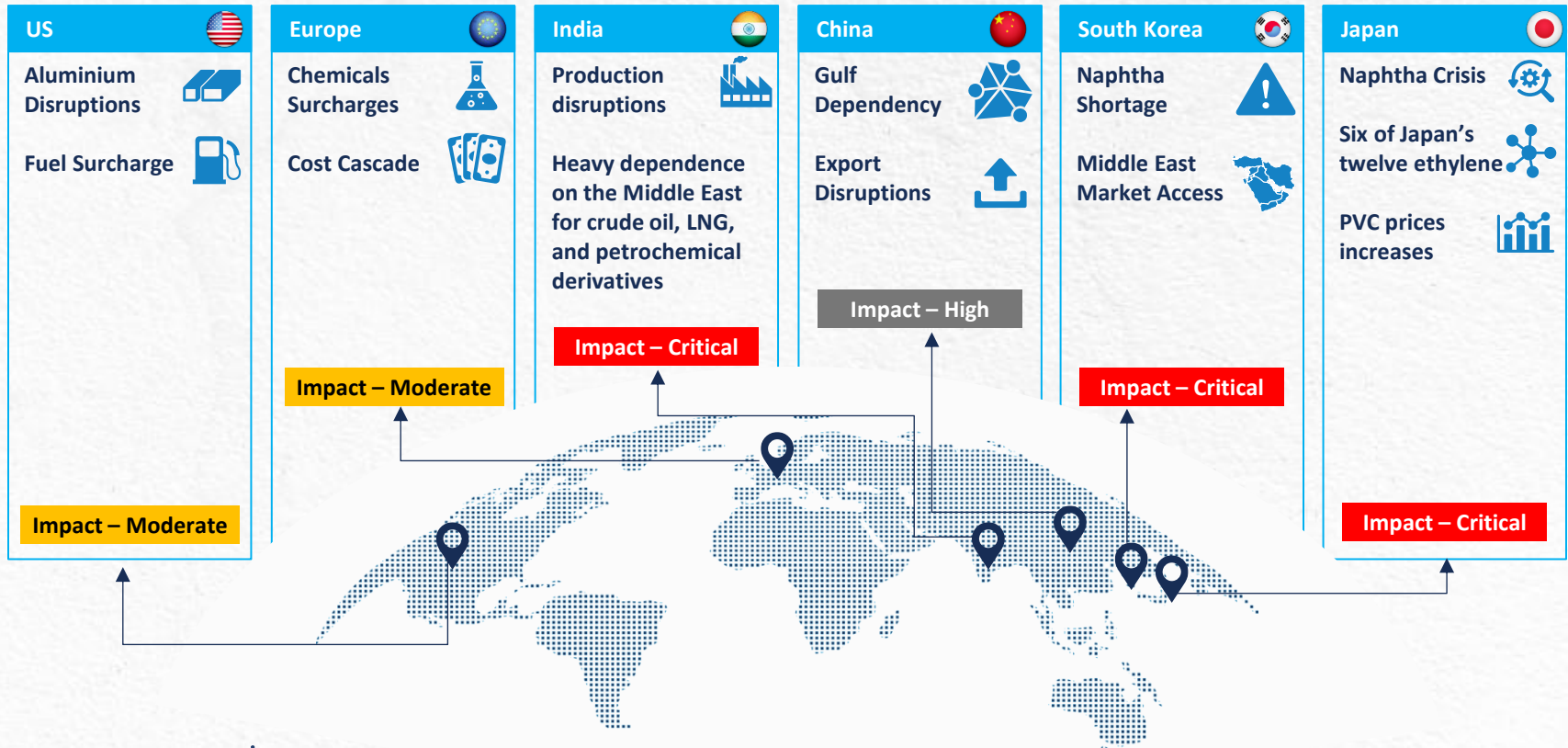
US-Iran War Impact on Automotive: Key Automotive Components Impacted, Global, 2026		
Secondary Materials	Automotive Components Affected	Intensity of Impact
Polypropylene /ABS	<ul style="list-style-type: none"> Bumpers Dashboards Trims 	Low  High
Polyurethane Foam	<ul style="list-style-type: none"> Seat cushions Insulation 	Low  High
Synthetic Rubber	<ul style="list-style-type: none"> Tires Seals Hoses 	Low  High
Resins/Adhesives	<ul style="list-style-type: none"> Bonding Coatings Paint Systems 	Low  High
Aluminum Alloys	<ul style="list-style-type: none"> Wheels Battery enclosures Engine parts 	Low  High

KEY EUROPEAN AUTOMOTIVE SUPPLIERS IMPACTED

US-Iran War Impact on Automotive: Key Suppliers Impacted, Global, 2026

Company	Country	Exposure Type	Nature of Impact	Impact Intensity	Automotive Impact
BASF	Germany	Petrochemicals	Price increases of up to 30% on certain product ranges because of energy and raw material cost increases	●	Plastics, coatings, battery materials
Wacker Chemie AG	Germany	Polymers	Increased polymer prices from 1 April 2026	●	Silicones (auto seals, gaskets) Polymer dispersions Binder resins
Lanxess AG	Germany	Specialty Chemicals	Price increases of up to 35% on chemicals because of logistics, raw materials, and energy costs	●	Flame retardants (EV battery enclosures) Plasticizers Rubber chemicals
Norsk Hydro	Norway	Aluminum	Holds a 50% stake in Qatalum, which was shut down due to natural gas shortages following Iranian strikes on Qatari energy infrastructure. This led to a shortage of aluminum and higher prices.	●	Primary aluminum (body panels, castings) Extrusions EV battery enclosures
Huntsman Corporation	UK	Specialty Chemicals	Declared a Euro 200/MT natural gas surcharge on all methylene diphenyl diisocyanate (MDI) products for Europe, Africa, the Middle East, and India	●	Polyurethane foam (seat foam, headliner, door panel, dashboard)

US-IRAN WAR IMPACT ON KEY AUTOMOTIVE MARKETS



PRIMARY IMPACT ON THE JAPANESE AUTOMOTIVE MARKET

Primary Impact on the Japanese Automotive Market

Naphtha Supply Crisis



LIMITED NAPHTHA INVENTORY



ETHYLENE PRODUCTION DISRUPTION

Supplier Impact



PVC PRICE INCREASE



SHIPPING DISRUPTION

Government Response



STRATEGIC RESERVE RELEASE



NAPHTHA PROCUREMENT PROGRAM



Analyst Perspective

- Japan's dependence on the Gulf for most of its naphtha requirement is affecting several industries, including automotive, which uses it as a feedstock to manufacture various components and materials.
- METI is exploring alternative ways to source it, including from the United States, and spot purchase from non-Gulf suppliers, to ease the situation in the medium term.

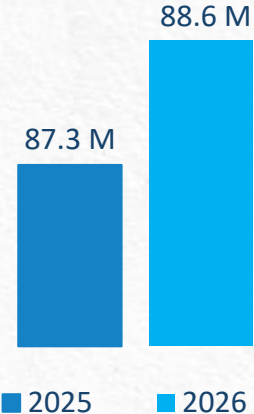
KEY JAPANESE OEMS IMPACTED

Key OEMs Impacted in Japan			
OEM	Nature of Impact	Disruption	Impact Intensity
Toyota	<ul style="list-style-type: none"> Production Trimming Export Disruption 	<ul style="list-style-type: none"> Toyota cut the production of ME-bound vehicles by nearly 40,000 units across March and April 2026, choosing to absorb the loss rather than reroute around Africa. The company has warned of further production cuts as the price of aluminum and other petrochemical derivatives increases. 	●
Nissan		<ul style="list-style-type: none"> Nissan announced that it will reduce production by 1,200 vehicles each month because of excess build-up of stock meant for the Middle Eastern market. 	●
Mazda		<ul style="list-style-type: none"> Mazda announced it is halting the production of vehicles meant for the Middle East market until May. 	●

GLOBAL LIGHT VEHICLE MARKET FORECAST- IMPACT OF THE US-IRAN WAR

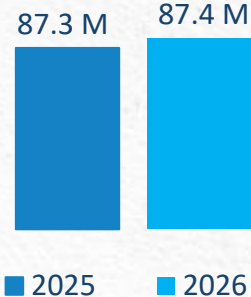
US-Iran War Impact on Automotive:
Scenario 1, Global,
War Conflicts End by Q2 2026

GROWTH RATE: +1.4% YOY



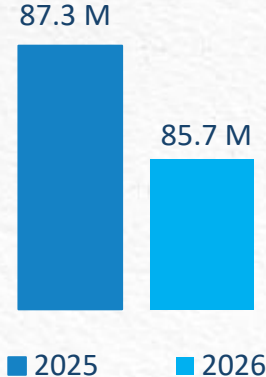
US-Iran War Impact on Automotive:
Scenario 2, Global,
War Conflicts End by Q3 2026

GROWTH RATE: +0.1% YOY



US-Iran War Impact on Automotive:
Scenario 3, Global,
War Conflicts Continue Until the
End of 2026

GROWTH RATE: (1.9%)



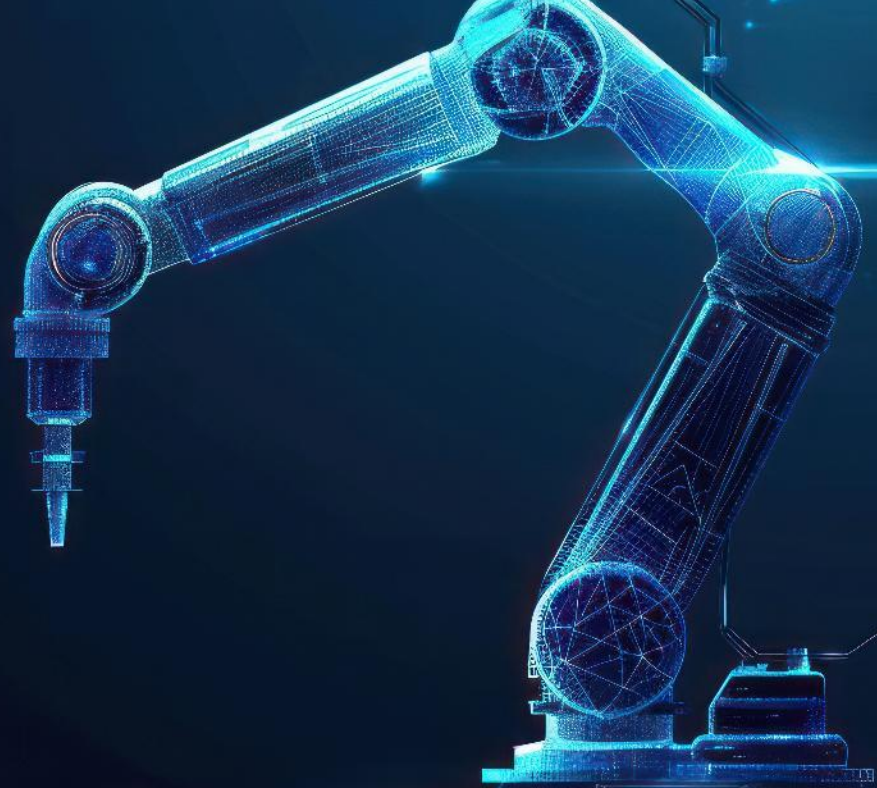
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Global Automotive & Transportation Research Team at Frost & Sullivan

Appendix

How does your organization identify and prioritize Growth Opportunities?



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