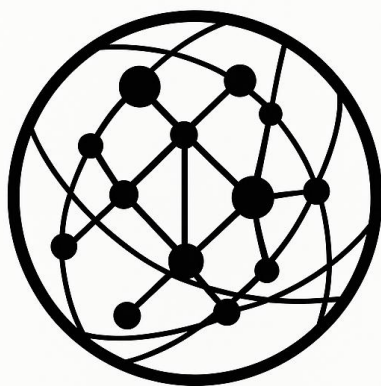


Policy Brief

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Rerouting the Gulf:

Bypass Infrastructure and the Changing Strategic Value of the Strait of Hormuz

Author: Shaoyuan Wu
Affiliation: Global AI Governance and Policy Research Center, EPINOVA LLC
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Core Judgment

The strategic transition is from chokepoint indispensability to differentiated bypassability, not from strategic importance to irrelevance. Crude oil can acquire substantial non-Hormuz capacity faster than petroleum products, while LNG remains structurally harder to substitute. Bypass infrastructure reduces the probability that one closed waterway can disable the entire Gulf export system, but it does so by shifting strategic weight toward a larger network of pipelines, ports, railways, roads, terminals, and secondary maritime chokepoints.

Key Judgments

- **Hormuz remains system-critical, but route exclusivity is eroding.** New pipelines, ports, rail links, and land bridges provide growing redundancy without replacing the Strait at comparable scale.
- **Large-scale Hormuz bypass is becoming increasingly plausible, but the speed and extent of substitution vary sharply by commodity.** Crude oil can acquire substantial alternative export capacity faster than petroleum products or LNG, while confirmed projects do not yet support a 50–70 percent shift in total energy flows within two years.
- **Bypassability is differentiated by commodity: crude oil > petroleum products > LNG.** Crude pipelines do not automatically substitute for refined-product systems, while LNG requires dedicated liquefaction, storage, and export infrastructure.
- **The UAE is building; Saudi Arabia is evaluating.** The UAE’s second Fujairah crude pipeline is under construction for 2027, while Saudi Arabia’s proposed gross expansion of 1–2 mb/d remains under study and may include refined-product capacity. UAE LNG diversification remains before a final investment decision (FID).
- **Commercial logistics are already rerouting under crisis conditions.** In March, 43 of 81 container vessels originally bound for ports inside Hormuz rerouted, while road and multimodal capacity expanded.
- **Bypass investment redistributes chokepoint risk rather than eliminating it.** Yanbu raises Red Sea exposure, Fujairah becomes more critical, and the best current judgment is declining indispensability and differentiated bypassability rather than strategic irrelevance.

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Executive Summary

The 2026 disruption of the Strait of Hormuz has accelerated Gulf efforts to reduce dependence on a single maritime gateway. Hormuz remains system-critical because of the scale of flows involved. In the first half of 2025, about 20.9 mb/d of oil and 11.4 Bcf/d of LNG transited the Strait. Yet the regional transport system is becoming more diversified.

Saudi Arabia and the UAE currently provide the main crude-oil bypass capacity. Early-2026 estimates placed available bypass capacity at about 4.7 mb/d, roughly 32 percent of the 2025 crude-and-condensate baseline. The UAE's second Fujairah pipeline could raise this to about 6.2 mb/d by 2027, while Saudi Arabia is considering a further 1 to 2 mb/d expansion. These projects could substantially increase crude-oil bypassability, but their timing, effective throughput, and commodity mix remain uncertain.

Adaptation is also extending beyond pipelines. Fujairah and other east-coast ports are gaining importance, Hafeet Rail is linking the UAE more closely with Sohar in Oman, and shipping companies are expanding road, rail, and multimodal routes around the Strait. These developments increase resilience but also shift strategic dependence toward other nodes, including Yanbu, Fujairah, Sohar, Bab el-Mandeb, and Suez.

The key constraint is that bypassability differs sharply by commodity. Crude oil can be rerouted more readily than petroleum products, while LNG remains structurally harder to substitute. Confirmed projects therefore do not support the conclusion that 50 to 70 percent of total energy flows can move away from Hormuz within two years.

The most defensible assessment is that Hormuz is becoming less singularly decisive, not strategically irrelevant. The regional system is moving from chokepoint indispensability toward differentiated bypassability and a more distributed network of pipelines, ports, railways, roads, and alternative maritime gateways.

Why This Matters

The policy distinction is between importance and indispensability. A route can remain economically and militarily important while becoming less capable of imposing system-wide paralysis when disrupted. Hormuz has historically combined both characteristics because large energy flows were concentrated in the Strait and large-scale substitution was difficult. This brief uses the term chokepoint monopoly value to describe the strategic value generated by the absence of scalable alternative routes.

The emerging Gulf infrastructure network weakens the second characteristic before it meaningfully reduces the first. Additional pipelines, ports, railways, roads, storage facilities, and intermodal links increase the number of pathways through which selected flows can continue during a crisis. They do not eliminate chokepoint risk; they change how that risk is distributed.

For policymakers and market participants, the relevant question is therefore no longer only whether Hormuz is open or closed. It is increasingly how much of the Gulf export system can continue to function when Hormuz is disrupted, and which alternative nodes become critical in the process.

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Analytical Note

This brief evaluates the changing strategic value of the Strait of Hormuz through four dimensions: traffic centrality, substitution capacity, systemic spillover, and coercive leverage. It separates announced projects from contracted or under-construction projects; nameplate capacity from available spare capacity; and nominal transport capacity from realized throughput.

The brief also distinguishes among crude oil, petroleum products, LNG, containerized trade, and other commercial flows. These commodities depend on different physical systems and therefore have different substitution limits. Crude-oil pipelines can preserve selected crude flows; they do not automatically substitute for refined-product transport systems, LNG liquefaction and export terminals, or containerized trade networks.

Information cutoff: August 11, 2026, 00:27 ET. Under the EPINOVA analytical convention, the August 10 analytical day runs from August 10 at 12:00 ET to August 11 at 12:00 ET. Accordingly, sources published after 00:00 ET on August 11 are included where they fall within the August 10 analytical-day window.

1. Hormuz Remains a System-Critical Node

The starting point is scale. The U.S. Energy Information Administration (EIA) estimates that total oil flows through Hormuz averaged 20.9 mb/d in the first half of 2025: 14.7 mb/d of crude oil and condensate and 6.1 mb/d of petroleum products. That volume was equivalent to about 20 percent of global petroleum-liquids consumption and one-quarter of total global maritime oil trade. About 89 percent of crude and condensate moving through the Strait went to Asian markets (EIA, 2026).

The IEA places the 2025 oil-flow baseline at roughly 20 mb/d and estimates that only 3.5–5.5 mb/d of pipeline capacity could potentially redirect crude around the Strait. It also notes that Iran, Iraq, Kuwait, Qatar, and Bahrain remain dependent on Hormuz for the vast majority of their oil exports (IEA, 2026). Published estimates differ because they count nameplate, spare, and sustainable capacity differently; the common conclusion is that existing alternatives cover only a fraction of normal flows.

Iran has also developed the Goreh–Jask pipeline and Jask terminal on the Gulf of Oman, but their current operational relevance is uncertain. EIA estimates effective pipeline capacity at approximately 0.3 mb/d, whereas the IEA assesses the pipeline and terminal as effectively non-operational and not currently a viable crude-export alternative after a late-2024 test loading was not followed by further exports. The route should therefore be treated as latent or intermittent capacity rather than dependable bypass throughput (EIA, 2026; IEA, 2026).

Recent market data confirm that the system remains constrained. Gulf crude and condensate exports averaged 10.7 mb/d in July, about 40 percent below prewar levels. Tanker traffic through both Hormuz and Bab el-Mandeb remained well below prewar conditions (Tunagur & Ghaddar, 2026). These figures are inconsistent with any claim that bypass infrastructure has already made Hormuz operationally marginal.

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2. Saudi Arabia: Expanding a Westward Export Corridor

Saudi Arabia possesses the Gulf's largest existing crude-oil bypass system. The East–West Pipeline, or Petroline, connects the kingdom's eastern oil-producing region to Yanbu on the Red Sea. Reuters reported in July that the line can transport up to 7 mb/d of crude; about 2 mb/d feeds west-coast refineries and roughly 5 mb/d is available for export under stated operating assumptions (Saba & Rashad, 2026).

That figure should not be treated as equivalent to proven sustainable bypass throughput. EIA's disruption estimate places the combined Saudi and UAE bypass capability at about 4.7 mb/d (EIA, 2026), while the IEA provides a broader 3.5–5.5 mb/d range (IEA, 2026). The difference illustrates why nameplate capacity, export allocation, and actual throughput must be kept analytically separate.

Saudi Arabia is now considering a gross additional expansion of 1–2 mb/d. Preliminary discussions have also involved neighboring Gulf states, raising the possibility that the East–West system could evolve from a national contingency route into a regional bypass platform (Saba & Rashad, 2026). That outcome would be strategically important for Kuwait, Bahrain, and Qatar, but it remains prospective. Reuters reports that the expansion may also include refined-product transport, so the crude share of the proposed increment is not yet defined. The project is described as multi-year and multibillion-dollar and would require interconnections, capacity-allocation rules, commercial terms, storage, and cross-border agreements.

The Saudi route also creates second-order exposure. Oil delivered to Yanbu no longer needs to cross Hormuz, but Asian-bound cargoes can face Bab el-Mandeb risk, while westbound cargoes depend more heavily on the Red Sea and Suez/SUMED system. In July, Yanbu loadings fell to 3.0 mb/d after July 20 from 3.8 mb/d during April–June as Houthi pressure increased near Bab el-Mandeb (Tunagur & Ghaddar, 2026). The Saudi bypass therefore reduces Hormuz concentration while increasing the strategic importance of a westward chain of nodes.

3. The UAE: Building an Export Architecture Outside the Strait

The UAE is pursuing the most advanced eastward bypass strategy. The existing Abu Dhabi Crude Oil Pipeline connects onshore production to Fujairah on the Gulf of Oman. EIA includes this line with Saudi Petroline in its estimate of approximately 4.7 mb/d of combined bypass capacity available during a disruption (EIA, 2026).

The more consequential development is a second pipeline to Fujairah. Abu Dhabi National Oil Company (ADNOC) stated in May that construction was already 50 percent complete and that delivery was being accelerated toward 2027. ADNOC described the project as designed to double its export capacity through Fujairah, explicitly bypassing Hormuz (ADNOC, 2026). EIA separately identifies a planned 1.5 mb/d Jebel Dhanna–Fujairah line for 2027 (EIA, 2026).

Port development is proceeding in parallel. In July, DP World and the Fujairah Ports Authority reached an agreement in principle under a proposed 50-year concession to develop the Al Rugaylat container and multipurpose terminal and the Dibba general-cargo terminal. Al Rugaylat is designed for up to 2.5 million twenty-foot equivalent units (TEU) annually, 1.7 million metric tons of general cargo, and 190,000 car-equivalent units; Dibba would add up to 3.6 million metric tons of annual general-cargo capacity (DP World, 2026).

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Taken together, the UAE projects are building more than a second oil route. They are creating an external-gateway architecture outside Hormuz that combines pipeline, storage, port, road, and potentially LNG capacity. The trade-off is concentration: as more flows shift eastward, Fujairah itself becomes more strategically important and must remain resilient across pipelines, terminals, storage, roads, and marine operations.

4. Oman and the Multimodal Bridge to the Gulf of Oman

Oman occupies a different position because its major ports at Sohar, Duqm, and Salalah are already outside the Strait or on routes that do not require entry into the Persian Gulf. Oman's importance in a bypass architecture therefore lies less in replacing its own Hormuz exposure than in serving as an external logistics gateway for neighboring markets.

The most important structural project is Hafeet Rail, the 238-kilometer UAE–Oman rail connection linking the UAE network with Sohar. Hafeet Rail reported in April that the project was 40 percent complete, with construction advancing across Al Ain, Al Buraimi, Sohar, and Wadi Al Jizzi. The project is designed to integrate freight and logistics flows between the two countries and strengthen supply-chain resilience (Hafeet Rail, 2026).

Crisis-era logistics already demonstrate the commercial logic. Reuters reported in March that container cargoes were diverting to Fujairah, Khor Fakkan, and Sohar before moving overland to original destinations. One regional trucking operator planned to expand from 60 to 500 daily truck moves to meet demand. DP World said firms were staging goods in India and Pakistan for feeder services into east-coast UAE ports and were using rail and land bridges to preserve passage for essential commodities (El Safty, 2026).

Oman therefore strengthens redundancy even without becoming a substitute for Jebel Ali or Gulf-side energy terminals. Sohar's connection to the UAE rail network, if completed and commercially scaled, would make the Gulf of Oman a more integrated logistics outlet for the wider peninsula.

5. Kuwait, Qatar, and Bahrain: Exposure Remains Structurally High

The diversification process is uneven across Gulf states. Kuwait and Bahrain have coastlines inside the Persian Gulf and lack independent large-scale seaborne export outlets outside Hormuz. Qatar's geographic position is similar, and its LNG system is even more constrained because its liquefaction and loading infrastructure is concentrated inside the Strait.

The IEA notes that Iran, Iraq, Kuwait, Qatar, and Bahrain rely on Hormuz for the vast majority of their oil exports and that there are no alternative routes capable of bringing Qatar and UAE LNG volumes to market at comparable scale (IEA, 2026). The World Trade Organization (WTO) data show that Kuwait, Qatar, and Bahrain are benefiting from crisis-era road and multimodal services, but those arrangements primarily preserve containerized and high-value commercial flows rather than bulk hydrocarbon exports (WTO, n.d.).

For these states, Saudi or Emirati bypass infrastructure can become regionally useful only if new physical interconnections, commercial-access arrangements, or external processing capacity are built. Saudi discussions with neighboring producers are therefore strategically meaningful, but they do not yet amount to operational substitution (Saba & Rashad, 2026).

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6. Refined Products: An Intermediate Constraint

Petroleum products occupy an intermediate position between crude oil and LNG. Unlike crude, they cannot automatically use every crude-oil bypass pipeline without compatible product lines, storage, blending, handling, and terminal capacity. They are nevertheless more flexible than LNG because refined products can be rerouted through alternative ports, storage hubs, product pipelines, and road or rail distribution systems without requiring liquefaction infrastructure.

This distinction matters because petroleum products accounted for approximately 6.1 mb/d of the 20.9 mb/d oil flow through Hormuz in the first half of 2025 (EIA, 2026). A crude-pipeline capacity comparison therefore cannot by itself establish substitution of total petroleum flows. For Bessent’s broader “energy” claim, refined products must be treated as a separate infrastructure category rather than implicitly folded into crude-oil bypass capacity.

7. LNG: The Hard Constraint, With Early Signs of Adaptation

LNG remains the strongest constraint on claims that Hormuz can quickly become strategically irrelevant. EIA estimates that 11.4 Bcf/d of LNG, equivalent to more than 20 percent of global LNG trade, transited Hormuz in the first half of 2025, primarily from Qatar (EIA, 2026). The IEA estimates that about 93 percent of Qatar’s and 96 percent of the UAE’s LNG exports transited the Strait and states that there are no alternative routes capable of bringing these volumes to market at comparable scale (IEA, 2026).

The difference from crude oil is structural. Crude can be redirected if a pipeline connects production and storage to an alternative export terminal. LNG requires a longer dedicated chain: gas production and treatment, feed-gas pipelines, liquefaction trains, cryogenic storage, loading facilities, and specialized carriers. Additional pipe alone is therefore not an LNG bypass.

There are, however, early signs of UAE LNG diversification. In June, MEED reported that ADNOC had begun contractor engagement for a proposed 4 mtpa onshore LNG liquefaction facility (approximately 4 million metric tons per year). Energy Intelligence separately reported that ADNOC was weighing a smaller LNG export terminal on the UAE’s east coast, potentially in Fujairah, as part of an effort to reduce future Hormuz exposure (Benny, 2026; Sen, 2026).

These reports point to an emerging UAE LNG-diversification effort, but public information does not yet establish whether the reported 4 mtpa onshore project and the potential east-coast/Fujairah terminal represent the same final project configuration. Neither has a publicly confirmed final investment decision, final site, construction schedule, or operating date. If one or both advance, they would represent a qualitative change by extending diversification from crude-oil and container redundancy into LNG infrastructure; they would still be far too small to neutralize Qatar-scale LNG dependence in the near term.

8. Testing Bessent’s Two-Year Bypass Thesis

In an August 2026 interview with 12News journalist Mark Curtis in Arizona, U.S. Treasury Secretary Scott Bessent argued that the Strait would become “irrelevant” within roughly two years and become “just another body of water.” He further suggested that more than half, and perhaps substantially more, of the energy now moving through the Strait would eventually shift to underground pipelines (Schwartz, 2026).

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The statement identifies a real structural trend but compresses two separate analytical problems: commodity substitutability and measurement. The 50–70 percent figure is not fully operationalized because the interview does not specify whether the share is measured by physical volume, energy content, export value, or another common denominator. Oil volumes reported in mb/d and LNG volumes reported in Bcf/d cannot be combined directly. A precise total-energy test would require conversion to a common basis such as barrels of oil equivalent per day or petajoules per day. The capacity comparison below therefore tests crude pipelines against the 14.7 mb/d crude-and-condensate baseline and reports petroleum products and LNG separately.

Table 1. Quantitative Reality Check on the Two-Year Bypass Thesis

Measure	1H25 baseline / capacity	Comparative share	Analytical relevance
Total oil through Hormuz	20.9 mb/d	—	Overall petroleum exposure: crude + condensate + petroleum products (EIA, 2026).
Crude + condensate through Hormuz	14.7 mb/d	100% crude/condensate baseline	Correct denominator for crude-pipeline substitution (EIA, 2026).
Petroleum products through Hormuz	6.1 mb/d	—	Requires product transport, storage, blending, and terminal capacity; not automatically served by crude lines.
LNG through Hormuz	11.4 Bcf/d	—	Cannot be substituted by crude pipelines; requires dedicated gas/LNG infrastructure
Early-2026 Saudi + UAE available crude-bypass estimate	~4.7 mb/d	~32% of crude/condensate baseline	EIA structural estimate published March 3; not a live August 2026 operational reading.
+ UAE 2027 line	~6.2 mb/d	~42% of crude/condensate baseline	Assumes full addition of the planned 1.5 mb/d UAE project
+ hypothetical Saudi gross expansion of 1–2 mb/d	~7.2–8.2 mb/d gross corridor case	Up to ~49–56% if the full increment were crude-compatible	Upper-bound case only; refined products are also under consideration, so the crude share is not defined.

Note: Component totals may not sum exactly to the reported 20.9 mb/d total because of rounding in the EIA source data. Bypass-share calculations are author calculations using the reported crude-and-condensate baseline. The ~4.7 mb/d figure is an early-2026 structural capacity estimate, not a live August 2026 throughput reading; the Saudi 49–56 percent case is an upper bound that assumes the entire proposed gross increment is crude-compatible.

On a crude-only basis, the arithmetic is more favorable to Bessent’s direction than a total-oil denominator suggests. EIA’s early-2026 structural estimate of roughly 4.7 mb/d of available Saudi and UAE crude-bypass capacity equals about 32 percent of the 14.7 mb/d crude-and-condensate baseline. Adding the UAE’s planned 1.5 mb/d line raises the identified case to about 42 percent. If the entire proposed Saudi gross expansion of 1–2 mb/d were crude-compatible, gross corridor capacity could reach the equivalent of roughly 49–56 percent of the 2025 crude-and-condensate baseline (EIA, 2026; Saba & Rashad, 2026). Because Reuters reports that refined-product capacity is also under consideration, this is an upper-bound crude-equivalent case rather than a crude-capacity forecast.

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The broader 50–70 percent total-energy claim cannot be validated as a precise percentage without a defined common energy basis. Even on a crude-only basis, 70 percent of the 14.7 mb/d crude-and-condensate baseline would require about 10.29 mb/d of crude-compatible bypass capacity, above the currently identified early-2026 structural estimate, the planned UAE line, and the upper-bound Saudi-expansion case. More importantly, the crude calculation excludes 6.1 mb/d of petroleum products and 11.4 Bcf/d of LNG that also transited Hormuz in the first half of 2025 (EIA, 2026). On a commodity-specific infrastructure basis, currently confirmed projects do not demonstrate substitution of 50–70 percent across crude oil, petroleum products, and LNG within two years.

Bessent’s statement is better read as an aspirational strategic thesis or upper-bound scenario than as an infrastructure baseline. The underlying direction is credible: Gulf states are reducing concentrated dependence on Hormuz, and roughly half of crude flows could become bypassable under a favorable set of assumptions. The two-year timetable, the crude compatibility of the full proposed Saudi increment, and the extension of the percentage to total energy flows remain unproven.

9. From Chokepoint Elimination to Chokepoint Redistribution

The main strategic effect of bypass investment is not chokepoint elimination. It is chokepoint redistribution. As Hormuz dependence falls, the relative importance of other nodes rises: Fujairah as an oil, storage, bunkering, and commercial gateway; Yanbu as the western outlet of Saudi crude; Bab el-Mandeb as a risk point for Red Sea exports; Suez and SUMED as westbound connectors; and rail terminals, dry ports, border crossings, and road corridors as increasingly important components of commercial continuity.

Recent flow data demonstrate the problem. Yanbu loadings slowed in late July as Houthi pressure increased near Bab el-Mandeb, while some tankers rerouted through Suez and made greater use of SUMED (Tunagur & Ghaddar, 2026). On August 11, Reuters reported that analysts continued to describe both Hormuz and Bab el-Mandeb as significant near-term constraints on insurance and routing (Arora, 2026).

A distributed system is more resilient to the complete failure of one gateway, but it contains more nodes whose performance must be coordinated. The region is therefore moving from single-node concentration toward multi-node interdependence. This is consistent with earlier EPINOVA analysis that characterized alternative Eurasian and Caspian routes as redundancy rather than same-scale substitution (Wu, 2026).

10. Observed Flow Rerouting: What Is Already Changing

The strongest evidence of structural change is not project announcements but operating behavior. In March, Reuters reported that 81 container vessels had been bound for ports inside Hormuz on February 28; 43 subsequently rerouted to other Gulf ports and the remainder diverted away from the region. Cargoes shifted to Fujairah, Khor Fakkan, and Sohar and then moved overland. A logistics company planning to scale from 60 to 500 daily truck moves illustrates how rapidly road capacity was being mobilized (El Safty, 2026).

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By May, the shift was visible in realized throughput rather than contingency planning alone. Reuters reported in May that realized throughput had already shifted substantially by late March. Crude exports through Fujairah had risen from approximately 1.17 mb/d before the war to 1.62 mb/d, an increase of about 38 percent. At Khor Fakkan, weekly container handling reportedly increased from roughly 2,000 to 50,000 containers, while daily truck movements rose from about 100 to 7,000. Container-vessel port calls at Khor Fakkan also nearly quadrupled. These figures provide stronger evidence that crisis-induced rerouting had moved beyond announced contingency arrangements into actual node substitution, while simultaneously concentrating more activity at a small number of east-coast gateways (El Safty et al., 2026).

The WTO has since documented a wider set of multimodal arrangements. MSC launched haulage services through King Abdullah Port and Jeddah Islamic Port and later added a Europe–Red Sea–Middle East express service. Maersk has operated land-bridge solutions across Saudi Arabia, Kuwait, Bahrain, the UAE, Qatar, and Iraq. CMA CGM and other operators have combined maritime, rail, and road services to preserve Gulf connectivity (WTO, n.d.).

Oil flows show a different pattern: partial recovery without normalization. July Gulf crude and condensate exports averaged 10.7 mb/d, but remained roughly 40 percent below prewar levels. Yanbu itself encountered a late-July slowdown, while Hormuz net oil-product exports averaged only 3.0 mb/d in the week ending August 7, down from 4.4 mb/d a week earlier (Arora, 2026; Tunagur & Ghaddar, 2026).

These data support a differentiated assessment. Containerized and high-value trade can reroute relatively quickly at higher cost. Crude oil can reroute partially where pipelines and terminals already exist. Petroleum products occupy an intermediate position, while LNG remains the least substitutable major energy flow. Whether crisis-era rerouting becomes durable migration depends on post-crisis persistence: recurring port calls, contracts, schedules, customs arrangements, and sustained use after maritime conditions normalize.

Table 2. Emerging Hormuz-Bypass Architecture

System / node	Status	Nominal / reported scale	Strategic function	Principal constraint
Saudi East–West Pipeline	Operational; further expansion under study	Up to 7 mb/d pipeline; ~2 mb/d refinery use; +1–2 mb/d expansion considered	Moves crude to Yanbu/Red Sea; possible future regional platform	Sustainable throughput, terminal capacity, project timing, Bab el-Mandeb/Red Sea exposure
UAE Abu Dhabi–Fujairah pipeline	Operational	Included in EIA combined ~4.7 mb/d Saudi+UAE bypass estimate	Direct crude export outside Hormuz	Pipeline/terminal integration; Fujairah concentration
UAE second Fujairah pipeline	Under construction	EIA: +1.5 mb/d; ADNOC: 50% complete in May; target 2027	Expands crude bypass capacity	Construction, commissioning, effective throughput
UAE east-coast ports	Agreement in principle / development planned	Al Rugaylat 2.5million TEU + cargo; Dibba 3.6 million metric tons general cargo	Expands non-energy gateway capacity outside Hormuz	Delivery timeline and inland distribution

Table 2. Emerging Hormuz-Bypass Architecture (Cont.)

System / node	Status	Nominal / reported scale	Strategic function	Principal constraint
Hafeet Rail / Sohar	Under construction	238 km; 40% complete in April	Links UAE network to Oman gateway outside Hormuz	Completion, border/rail operating integration
UAE LNG diversification proposals	Pre-FID / contractor engagement; east-coast option reported separately	4 mtpa onshore facility reported; separate east-coast/Fujairah option also reported	Could begin LNG-bypass architecture outside Hormuz	Public reporting does not yet establish one final configuration; no confirmed FID, site, schedule
Iran Goreh–Jask pipeline	Commissioned; intermittent / commercially unproven	EIA: ~0.3 mb/d effective capacity; IEA: system effectively non-operational	Latent Gulf of Oman bypass option	No sustained post-test export record; current viability disputed across sources
Gulf land bridges	Operational crisis arrangements	No single comparable bulk-capacity measure	Preserves containerized and high-value trade	Higher cost, customs friction, lower bulk efficiency
Kuwait / Qatar / Bahrain independent hydrocarbon bypass	No comparable large operational route identified	Limited	Potential access via future regional systems	Geography, interconnections, product/LNG infrastructure

11. Current Assessment

The evidence supports neither the view that Hormuz will remain indefinitely indispensable nor the claim that it will soon become strategically irrelevant.

The first view understates the pace of adaptation. The UAE is adding east-coast bypass capacity, Saudi Arabia is considering further westward expansion, the UAE–Oman rail connection is under construction, and commercial logistics networks are already rerouting around the Strait (ADNOC, 2026; DP World, 2026; Hafeet Rail, 2026; Saba & Rashad, 2026; WTO, n.d.).

The second view overstates the scale and speed of substitution. A crude-bypass share approaching 50 percent is conceivable only under an upper-bound scenario in which the full proposed Saudi expansion is available for crude. That assumption is not yet supported by current reporting. The broader 50–70 percent total-energy claim is even less certain because oil, petroleum products, and LNG require different infrastructure and no common energy denominator has been specified. Several Gulf producers also continue to lack scalable alternatives, while throughput through both Hormuz and Yanbu remains vulnerable to renewed disruption (Arora, 2026; EIA, 2026; IEA, 2026; Saba & Rashad, 2026; Tunagur & Ghaddar, 2026).

The more likely outcome is a gradual shift from concentrated dependence toward a more distributed export network. Hormuz will remain a critical node, but its chokepoint monopoly value, meaning the strategic advantage created by the absence of scalable alternatives, will decline unevenly across commodities.

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This assessment is consistent with Brookings and CSIS analyses that continue to treat disruption at Hormuz as globally consequential while emphasizing that partial reopening or temporary de-escalation does not immediately restore normal energy and shipping conditions (Alkadiri et al., 2026; Gross & Beane, 2026).

What to Watch

- **Realized throughput, not announcements.** Track sustained incremental volumes through Yanbu and Fujairah and compare them with nameplate capacity.
- **The UAE 2027 pipeline.** Monitor commissioning milestones, terminal integration, and actual daily throughput after startup.
- **Saudi expansion decisions.** Watch for FID, contract awards, interconnection plans, and any formal capacity-access arrangements with neighboring Gulf producers.
- **UAE LNG diversification proposals.** Watch for confirmation of whether the reported 4 mtpa onshore facility and the potential east-coast/Fujairah terminal converge into one project configuration. A confirmed site, final investment decision (FID), engineering, procurement, and construction (EPC) award, feed-gas plan, and construction schedule would mark a material erosion of the LNG constraint.
- **Hafeet Rail and Sohar utilization.** Completion and recurring freight use would show whether Oman is becoming a durable external gateway for UAE and Upper Gulf trade.
- **Persistence after de-escalation.** If crisis-era land bridges, port calls, and contracts remain active after shipping conditions improve, temporary diversion will have become structural reconfiguration.
- **Correlated chokepoint risk.** Monitor Bab el-Mandeb, Suez/SUMED, Fujairah, and Yanbu together rather than treating each bypass route as independent.

Policy Implications

- **Separate crude oil, petroleum products, and LNG in resilience planning.** Crude pipeline capacity should not be treated as a proxy for the substitutability of refined products or LNG, which depend on different transport, storage, and terminal systems.
- **Measure resilience through effective throughput, not nameplate capacity.** Usable capacity depends on pumping rates, storage, refinery demand, terminal performance, berth availability, security conditions, and access to downstream routes.
- **Assess bypass capacity as a network.** Fujairah, Yanbu, Sohar, Bab el-Mandeb, Suez/SUMED, rail terminals, border crossings, and inland corridors increasingly function as an interconnected system rather than as independent alternatives.
- **Account for correlated disruption.** Bypassing Hormuz does not eliminate exposure if pipelines, terminals, rail connections, or downstream maritime routes are disrupted at the same time.
- **Distinguish strategic ambition from demonstrated capacity.** Claims that 50 to 70 percent of regional energy flows could bypass Hormuz require a clearly defined energy basis and should be tested against commodity-specific capacity, confirmed project status, implementation timelines, and realized throughput.

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- **Expect part of the diversification to persist.** Infrastructure investment, new commercial routines, customs coordination, and operating experience can make crisis-era alternatives economically durable even after conditions at Hormuz improve.
- **Treat chokepoint leverage as dynamic.** Repeated disruption increases the value of alternative routes and can gradually reduce the marginal coercive leverage associated with future threats to the Strait.

Conclusion

The Strait of Hormuz is unlikely to become strategically irrelevant within the next two years. It is more likely to become less singularly decisive as Gulf states expand alternative export and logistics routes.

The UAE is adding crude-bypass and port capacity on its east coast, while Saudi Arabia is considering further expansion of its westward export system. Oman is becoming more closely integrated with the UAE through Hafeet Rail, and global carriers are expanding alternative land and maritime routes. The UAE is also exploring LNG diversification, although no final project configuration or final investment decision has been confirmed.

The transition will be uneven across commodities and countries. Crude oil is the most readily bypassable major energy flow, petroleum products face greater infrastructure constraints, and LNG remains the hardest to substitute. Saudi Arabia and the UAE are therefore positioned to gain resilience faster than Kuwait, Qatar, or Bahrain. At the same time, greater use of alternative routes will increase dependence on other critical nodes, particularly Fujairah, Yanbu, Sohar, Bab el-Mandeb, Suez/SUMED, and inland logistics infrastructure.

A two-year shift approaching half of crude flows is plausible only under an upper-bound scenario in which the full proposed Saudi expansion is available for crude. A 50 to 70 percent shift in total energy remains unsupported by confirmed infrastructure and analytically difficult to assess without a common energy basis. The strategic value of Hormuz is therefore not disappearing. It is being redistributed unevenly across commodities and across a broader regional network.

Policy Brief

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