



# NGAI

# White Paper

## Escalating Iran Interstate Conflict and European Resilience

---

Prepared By

Andrei I. Cursaru

Aug 4, 2026

---

### Executive Summary

The eruption of high-intensity interstate conflict involving the United States, Israel, and the Islamic Republic of Iran—catalyzed by the initiation of Operation Epic Fury in late February 2026—has generated a multifaceted geopolitical shockwave across the global security landscape. The conflict, marked by the assassination of Iran's Supreme Leader Ali Khamenei, severe retaliatory ballistic missile barrages, and the militarization of strategic maritime chokepoints, has fundamentally disrupted the geopolitical equilibrium of the Middle East (1). For the European Union and its member states, this distant conflict has rapidly translated into an immediate, localized crisis characterized by cascading energy market volatility, severe strains on transatlantic defense alliances, and an escalating campaign of hybrid cyber-physical warfare targeting European critical entities.



**Core Pillars & Operational Impacts:** This paper establishes three core pillars defining European vulnerability and response: (1) **Macroeconomic Contagion**, stemming from the closure of the Strait of Hormuz and Qatari LNG supply disruptions; (2) **Transatlantic Fractures**, triggered by unilateral US operations and European airspace denials; and (3) **EU Strategic Autonomy**, driving rapid industrial, defense, and infrastructure hardening across the continent.

**Strategic Frameworks & Alternative Corridors:** To mitigate these vulnerabilities, European capitals are accelerating defense initiatives—such as the European Defence Industrial Strategy (EDIS), the European Sky Shield Initiative (ESSI), and the Critical Entities Resilience (CER) Directive (9)—while leveraging diplomatic channels and alternative supply routes like the Middle Corridor to secure economic continuity (12).

## Geopolitical Threat Profile: The 2026 Interstate War and Supply Chain Rupture

The initiation of overt hostilities on February 28, 2026, marked a definitive shift from localized proxy engagements to direct interstate warfare, fundamentally altering the risk profile of the Middle East<sup>1</sup>. The immediate strategic consequence of the US-Israeli strikes was Iran's weaponization of its geographic positioning, resulting in the closure of the Strait of Hormuz (1). As a maritime chokepoint handling thirty-five percent of global seaborne crude oil trade, twenty percent of refined petroleum products, and twenty percent of global LNG, the closure precipitated a catastrophic supply chain rupture (4).

The systemic disruption materialized as an abrupt ten million barrel per day (bpd) reduction in global oil supply, an event without precedent in modern energy markets (14). The severity of this disruption was amplified by targeted kinetic strikes on regional energy infrastructure. Most critically for European energy security, on March 18, 2026, Iranian forces struck Qatar's inactive Ras Laffan Industrial City LNG complex (4). This attack resulted in a seventeen percent reduction in Qatar's total LNG production capacity (4).

Because the structural damages inflicted upon Ras Laffan are projected to require three to five years to repair, the global LNG market has been thrust into a protracted structural deficit (4).

The second-order effects of this physical supply chain rupture have necessitated a fundamental reconfiguration of European logistics. With the Persian Gulf effectively neutralized as a reliable export hub, European markets have been forced into aggressive, zero-sum competition for alternative Atlantic, North American, and African LNG volumes (4). This fierce competition has driven spot prices to unsustainable premiums and threatened the industrial continuity of energy-intensive sectors across the European Union (4). The weaponization of maritime transit routes underscores a strategic reality: European energy security can no longer be decoupled from hard military capability and sovereign diplomatic alignment.

---

## Macroeconomic Contagion and the European Energy Crisis

The transmission of geopolitical risk into macroeconomic instability has been rapid, severe, and highly elastic. The World Bank's Commodity Markets Outlook, released in April 2026, quantifies the magnitude of the shock, noting that the combination of direct infrastructure damage and maritime blockades has generated a level of market volatility unseen since the 1970s energy crises (4).

### The Elasticity of Geopolitical Oil Shocks

Historical market analysis indicates that under normal market conditions, a non-geopolitical supply shock produces a relatively linear price response. However, utilizing the Geopolitical Risk (GPR) Index, the World Bank explicitly identifies that during periods of extreme geopolitical tension, the elasticity of oil prices roughly doubles (14). A one percent reduction in oil production driven by geopolitical conflict generates a peak price increase of 11.5 percent on average, compared to just 6 percent for non-geopolitical disruptions (14).

Consequently, Brent crude oil prices spiked from a pre-conflict baseline of \$72 per barrel in late February to a record peak of \$118.35 per barrel by late March 2026, representing the largest single-month percentage increase in market history (4). Although diplomatic interventions, temporary ceasefires, and aggressive emergency reserve releases coordinated by the IEA caused prices to moderate into the \$80–\$90 range by mid-year, the structural risk premium remains heavily embedded in global markets (4). Analysts project that if critical oil and gas facilities suffer further damage, Brent could easily average \$115 per barrel for the duration of the year (14).

### The Natural Gas and Fertilizer Nexus

The impact on European natural gas markets has been particularly acute. Following the realization that Qatari LNG would remain stranded in the Persian Gulf, the Title Transfer Facility (TTF) European benchmark surged by 59 percent, breaching €70/MWh<sup>14</sup>. The interconnected nature of energy inputs means this price shock rapidly cascaded into agricultural and industrial commodity markets.

Because natural gas is a primary feedstock for nitrogen-based fertilizers, the European agricultural sector faces an existential pricing crisis. The World Bank projects that global fertilizer prices will increase by 31 percent in 2026, driven predominantly by a 60 percent month-over-month surge in the price of urea (14). This dynamic forces European farmers to drastically reduce application rates, eroding farm incomes and threatening future crop yields (14). The World Food Programme has warned that this cascading inflation could push an additional 45 million people globally into acute food insecurity (14).

| Commodity Sector                      | Pre-Conflict Baseline (Early 2026) | Peak Escalation / 2026 Projected Impact                                           | Structural Drivers & Mechanisms                                                                   |
|---------------------------------------|------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <b>Brent Crude Oil</b>                | \$69 - \$72 / barrel               | Peak: \$118.35 / bbl. Base Forecast: \$86 / bbl. Escalation Forecast: \$115 / bbl | Strait of Hormuz closure; 10M bpd supply drop; extreme geopolitical price elasticity (4).         |
| <b>European Natural Gas (TTF)</b>     | ~€40 - €45 / MWh                   | >€71 / MWh (59% immediate increase)                                               | Loss of Qatari LNG capacity (Ras Laffan strike); intense Asian spot market competition (4).       |
| <b>Fertilizers (Urea)</b>             | Baseline stability                 | 60% price surge; Overall fertilizer index projected up 31%                        | High natural gas feedstock costs; disruption of Gulf industrial chemical and urea exports (14).   |
| <b>Base Metals (Aluminum, Copper)</b> | Tight but stable                   | 29% base metals index increase (Aluminum up 10% m/m)                              | Inelastic short-term production; sulfuric acid input shortages; disrupted direct shipments (14).  |
| <b>Precious Metals</b>                | Baseline stability                 | 84% index advance from 2025Q1; overall average increase of 42%                    | Severe geopolitical uncertainty fueling intense demand for safe-haven assets (14).                |
| <b>Agriculture (Wheat, Beef)</b>      | Baseline stability                 | Beef prices projected up 11%; food commodities sub-index hits 22-month high       | Tight cattle supplies; high energy costs boosting biofuel demand, lifting edible oil prices (14). |

### European Central Bank and Macroeconomic Policy Restraints

The third-order implications for the European Central Bank (ECB) are highly restrictive. Rising energy and food costs have effectively reversed the ECB's disinflationary progress. Following a cycle of eight rate cuts that brought the benchmark rate to 2.00 percent, the ECB was forced to resume raising rates in June 2026 as headline inflation threatened to breach 3 percent<sup>16</sup>. The combination of severe supply shortages

and mounting inflation places energy-intensive European economies at a high risk of entering technical stagflation (1).

Across emerging market and developing economies (EMDEs), the macroeconomic prognosis is even more dire. The World Bank revised 2026 EMDE growth down to 3.6 percent, with inflation projected to hit a four-year high of 5.1 percent (14). The World Bank explicitly advised governments against implementing broad, untargeted fiscal support measures that distort markets and erode fiscal buffers, advocating instead for rapid, temporary interventions targeted exclusively at the most vulnerable populations (14).

## **Transatlantic Fractures and the Weaponization of Sovereign Airspace**

The operational requirements of the United States military in prosecuting Operation Epic Fury have collided directly with the sovereign foreign policy imperatives of several European member states. The resulting diplomatic friction has exposed profound divisions within the NATO alliance regarding the scope and limits of collective security obligations when offensive expeditionary operations are launched unilaterally outside the established Euro-Atlantic theater.

### **The Spanish Airspace Denial**

The most severe diplomatic rupture has occurred between Washington and Madrid. The Spanish government, led by Prime Minister Pedro Sánchez, emerged as Europe's highest-profile and most vocal opponent of the US-Israeli campaign, officially categorizing the preemptive strikes as "reckless," "profoundly illegal," and "profoundly unjust" (17). Moving beyond diplomatic rhetoric, Spain exercised its sovereign territorial rights by closing its national airspace entirely to all US military aircraft involved in the Iran conflict (7). Furthermore, Spain explicitly prohibited the use of the jointly operated naval and air bases at Rota and Morón de la Frontera for any operations—including logistical refueling flights—connected to the Middle East theater (19).

The immediate operational impact on US force projection was highly disruptive. The Pentagon was forced to rapidly reposition a fleet of fifteen KC-135 strategic refueling tankers from Spain to alternate bases in Germany and France (19). Strategic bombers, such as the B-2 and B-52, which have historically used Spain for transit exercises, were required to plot complex, inefficient flight paths to bypass the Iberian Peninsula entirely, complicating the logistics of sustaining an intensive bombing campaign (19).

### **The Legal and Diplomatic Fallout within NATO**

Spain's actions triggered a fierce, highly public political backlash from the US administration. President Donald Trump issued threats to sever trade relations with Madrid and publicly questioned the utility of defending allies who obstruct American strategic objectives<sup>5</sup>. Utilizing highly inflammatory rhetoric, the US President told European allies to "start learning how to fight for yourself" and declared, "Go get your own oil!" while reviving historical threats to withdraw the United States from the NATO alliance entirely (5). US Secretary of State Marco Rubio compounded this by stating that the NATO arrangement must be comprehensively "reexamined" if allies demand American defense guarantees while simultaneously denying basing rights when the US requires them (5).

This dispute strikes at the core legal interpretations of the North Atlantic Treaty. NATO Article 5 explicitly constitutes a collective defense pact designed for mutual protection against an armed attack on member territory (8). It does not function as a blanket authorization for expeditionary offensive campaigns launched unilaterally by the United States (8). Legally, the treaty provides no mechanism to suspend or expel a member state against its will for denying basing rights, rendering Washington unable to force

compliance through institutional NATO mechanisms (8). Although US domestic law passed in 2023 limits unilateral presidential withdrawal from NATO without a two-thirds Senate vote or an act of Congress, the erosion of trust significantly weakens the alliance's deterrent posture (8).

| European Nation / Bloc | Airspace & Basing Posture Regarding US Operations                                                                            | Diplomatic & Legal Justification                                                                                    |
|------------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Spain                  | Total Denial. Airspace closed to US warcraft; bases at Rota and Morón barred from facilitating Middle East operations (7).   | Categorizes the conflict as illegal and unjust; asserts sovereignty over joint bases under international law (19).  |
| France                 | Conditional Access. Logistical and tanker flights permitted; fighter jets carrying munitions strictly prohibited (20).       | Maintains sovereignty while honoring basic logistical alliance pacts; blocked supply flights to Israel (20).        |
| Italy                  | Procedural Review. Strict case-by-case authorization; resulted in bureaucratic denials (e.g., Sigonella air base delay) (5). | Defense Minister Crosetto cites compliance with international agreements rather than explicit policy friction(5).   |
| Austria & Switzerland  | Total Denial. Near-automatic rejection of overflight requests related to strikes on Iran (25).                               | Strict adherence to domestic neutrality laws; refusal to participate in "chaos" and energy crises (25).             |
| United Kingdom         | Logistical Support. Approved US use of British bases for strikes, but refrained from direct offensive participation (5).     | Prime Minister Starmer focuses on defensive operations only, avoiding direct entanglement in offensive strikes (5). |
| Portugal               | Conditional Access. Lajes Air Base available only for proportionate defensive responses (25).                                | Foreign Minister Rangel asserts operations must avoid civilian targets and comply with international law (25).      |

The second-order insight derived from this transatlantic fissure is the emergence of airspace sovereignty as a potent geopolitical veto. European nations have recognized that territorial access is a highly effective leverage point to distance themselves from unilateral US operations that carry severe blowback risks for European energy and domestic security. This dynamic permanently alters the logistical calculus for future US force projection into the Middle East and Africa, proving that European compliance can no longer be assumed.

---

# US Domestic Political Paralysis and the War Powers Debate

The strategic calculus for European policymakers is further complicated by intense domestic political volatility within the United States regarding the legality, scope, and continuation of the Iran war. The US executive branch initiated and sustained Operation Epic Fury without explicit congressional authorization or a formal declaration of war, relying instead on broad interpretations of inherent executive authority (27).

This unilateral military action triggered aggressive legislative pushback in Washington. Under the parameters of the War Powers Resolution of 1973—a federal law intended to check the president's power to commit the US to armed conflict without congressional consent—a coalition of prominent Democratic senators filed a series of privileged resolutions attempting to force a mandatory withdrawal of US Armed Forces from the conflict(27). Senators Tim Kaine, Cory Booker, Chris Murphy, Adam Schiff, Tammy Baldwin, and Tammy Duckworth led the legislative assault, arguing the war was an unconstitutional "war of choice" lacking a defined objective or coherent exit strategy(27).

The rhetoric utilized during these Senate debates underscored the deep fractures in American political consensus. Senator Duckworth accused the administration of burning billions of taxpayer dollars to use troops as "cannon fodder in his illegal wars of choice," while Senator Kaine criticized colleagues who "bend the knee to a President who has called our fallen heroes 'suckers' and 'losers'"(27). Senator Murphy highlighted the domestic economic toll, noting that the "Mar-a-Lago crowd" would not suffer the consequences of skyrocketing gas prices, but average Americans would bear the burden of a conflict whose paramount objective had inexplicably shifted to reopening the Strait of Hormuz—a problem the administration itself created (27)

Despite widespread public opposition to the conflict and mounting casualties—including the sinking of a US warship returning from naval exercises in India and the tragic bombing of a girls' elementary school in southeastern Iran that killed over 160 people—the US Senate narrowly blocked these War Powers Resolutions (27). In a series of votes (including S.J.Res 104, 116, 118, and 123) held between March and April 2026, the resolutions failed, predominantly by 53-47 margins split rigidly along party lines (28). Senator John Fetterman was the sole Democrat to oppose the resolutions, while Senator Rand Paul was the lone Republican to support curtailing the executive's war powers (28).

Following the legislative failure, Secretary of Defense Pete Hegseth reinforced the executive branch's aggressive posture by declaring that the US military was "just getting started" and refusing to rule out the deployment of ground troops (31).

For European strategic planners, the failure of the US Congress to rein in the executive branch signals that the conflict will remain volatile and protracted. Consequently, Europe cannot rely on American domestic political mechanisms to de-escalate the crisis. The realization that the US is committed to an open-ended, highly destructive campaign in the Middle East—with shifting objectives that have expanded from neutralizing nuclear facilities to regime change—has decisively accelerated Europe's urgent pivot toward defense independence and industrial sovereignty (27).

---

## The European Defence Industrial Strategy (EDIS) and Strategic Autonomy

Because Washington has proven both politically gridlocked and operationally unilateral, Europe can no longer outsource its security architecture. The European Defence Industrial Strategy (EDIS) is the direct

legislative answer to this transatlantic unreliability

Recognizing the dual threats of a destabilized Middle East and an increasingly transactional relationship with the United States, the European Union has moved decisively to institutionalize a "war economy mode" by overhauling its defense procurement and industrial base (10). The cornerstone of this pivot is the European Defence Industrial Strategy (EDIS), first proposed by the von der Leyen Commission in 2024, accompanied by its highly impactful legislative vehicle, the European Defence Industry Programme (EDIP)(10).

## **The Mechanisms and Mandates of EDIP (2026–2027)**

Formally entering into force on December 30, 2025, with an initial bridging budget of €1.5 billion, EDIP marks a structural departure from previous EU defense initiatives that focused primarily on research and development(10). EDIP is explicitly designed to finance the physical procurement of munitions, the scaling of manufacturing lines, and the de-risking of industrial supply chains across the continent (32). While analysts noted the budget was modest compared to the €100 billion fund previously promised by Commissioner Thierry Breton, it establishes the vital legal architecture for massive future scaling(10).

To enforce European sovereignty and correct the anomaly where the vast majority of European defense spending flows to non-EU contractors, EDIP introduces severe eligibility safeguards. The regulation imposes a strict 35 percent maximum cap on non-EU or non-associated country components within any procured defense product<sup>32</sup>. Full design authority must remain unconditionally within the EU or associated nations (such as Norway), and non-European subcontractors are strictly prohibited unless embedded in pre-existing legacy contracts (32). While a temporary derogation exists for certain missiles and ammunition until 2033 to maintain immediate readiness, it requires a binding autonomy plan to completely phase out foreign dependency (32).

The financial architecture of EDIP incentivizes deep cross-border integration through defined, tiered funding ceilings:

| EDIP Funding Action             | Base EU Funding Ceiling      | Enhanced Funding Conditions (SEAP / EDPCI)                                                         | Strategic Objective                                                                              |
|---------------------------------|------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Common Procurement</b>       | Up to 15% of contract value  | Up to 25% if utilizing a SEAP or procuring for Ukraine/Moldova(32).                                | Pooling demand across at least 3 member states to achieve economies of scale and cut costs(32).  |
| <b>Industrial Reinforcement</b> | Up to 35% of eligible costs  | Up to 50% for SMEs/mid-caps, or if building new cross-border infrastructure via SEAP(32).          | Upgrading production lines, reserving capacity, mitigating supply chain bottlenecks(32).         |
| <b>Supporting Actions</b>       | Up to 100% of eligible costs | N/A                                                                                                | Testing, standardizing NATO/EU certifications, supply chain mapping(32).                         |
| <b>EDPCIs</b>                   | Up to 100% of eligible costs | Strategic exemption for facility permitting; tailored financing for multi-state mega-projects(32). | Developing flagship capabilities (e.g., space, air defense) led by at least 4 member states(32). |

To streamline these initiatives, EDIP established Structures for European Armament Programmes (SEAPs)—recognized legal entities that standardize cross-border contracting and lifecycle sustainment—and the Fund Accelerating Defence Supply Chains Transformation (FAST), which utilizes blended finance (loans, equity, guarantees) to inject liquidity directly into defense-oriented SMEs (32). Furthermore, the Ukraine Support Instrument (USI) ring-fences €300 million specifically to rebuild and modernize Ukraine's defense industrial base and integrate it with Europe's supply chains (32).

## The European Sky Shield Initiative (ESSI)

A critical operational manifestation of Europe's push for security autonomy is the European Sky Shield Initiative (ESSI). Spearheaded by German Chancellor Olaf Scholz in October 2022 and rapidly expanding to include 24 participating nations by 2026 (including neutral states like Austria and Switzerland, and new entrants like Albania and Portugal), ESSI aims to construct a heavily integrated, multi-layered ground-based air and missile defense architecture across the continent (11). The escalation of ballistic and drone warfare in the Middle East, combined with the ongoing threat from Russian Iskander missile systems in Kaliningrad, has validated the urgent necessity of this framework (26).

ESSI coordinates the joint procurement of a comprehensive, tiered defensive umbrella:

1. **Close & Short-Range (0–10 km):** Skyranger 30, Tridon Mk2, and IRIS-T SLS for immediate point defense against low-flying drones, cruise missiles, and loitering munitions (11).
2. **Medium-Range (10–70 km):** IRIS-T SLM and the US-Norwegian NASAMS for intercepting tactical munitions and aircraft (11).

3. **Long-Range (70–150 km):** The US MIM-104 Patriot and the European SAMP/T NG for theater-level defense (11)
4. **Exoatmospheric (100+ km):** The Israeli-developed Arrow 3 for the interception of intermediate-range and intercontinental ballistic missiles outside the earth's atmosphere (11).

While highly ambitious, ESSI initially faced severe political friction. France strongly objected to the initiative's reliance on American (Patriot) and Israeli (Arrow 3) technology, arguing that funneling billions to foreign contractors undermined the European defense industrial base and violated the core tenets of strategic autonomy (11). This intra-European dispute was partially mitigated when the French-Italian SAMP/T NG system was officially integrated into the ESSI framework as a complementary long-range tier, illustrating the delicate balance Europe must strike between rapidly acquiring off-the-shelf capability and nurturing indigenous technological sovereignty (11).

In July 2026, the European Commission formally proposed incorporating air and missile defense—alongside drones, space systems, and maritime seabed defense—into the European Defence Projects of Common Interest (EDPCIs) (37). This landmark decision allows ESSI development to tap directly into EDIP's 100 percent funding brackets, effectively leveraging EU financial mechanisms to underwrite the rapid deployment of the continent's integrated air shield (32). Additionally, European leaders recognize the value of integrating regional partners; discussions include bringing Turkey's indigenous defense programs (the HİSAR family and SİPER) and naval Evolved Sea Sparrow Missiles (ESSM) into the broader architecture to secure NATO's southeastern flank (36).

---

## Hardening the Homeland: Critical Infrastructure and Cyber Resilience

The kinetic war in the Middle East is paralleled by an aggressively expanding cyber and hybrid threat landscape targeting European critical entities. Because European nations, NATO infrastructure, and US logistics hubs are tightly interwoven, European power grids, water systems, and subsea cables have become primary targets for asymmetric retaliation (2).

### The Evolution of the OT/ICS Threat Landscape

Threat intelligence reporting from 2026 indicates a fundamental evolution in how state-aligned actors target Operational Technology (OT) and Industrial Control Systems (ICS). Traditional credential-stuffing attacks have been largely superseded by highly sophisticated, **identity-based intrusions**, which compromise deep network architectures (2). The operational consequences of these breaches are severe: physical sabotage incidents linked to hybrid cyber campaigns have increased fourfold across EU and NATO territories since 2024, comprising over 150 confirmed incidents targeting rail networks, water treatment facilities, and energy distribution nodes (2).

A uniquely dangerous dynamic emerged following the launch of Operation Epic Fury on February 28, 2026. US cyber command successfully collapsed domestic internet connectivity within Iran to between 1 and 4 percent, effectively destroying centralized government command and control (C2) structures (2). However, this tactical victory birthed a strategic nightmare. Highly skilled, state-trained Iranian cyber operators dispersed, utilizing diaspora infrastructure and Starlink connections outside of Iran to maintain offensive operations(2).

This forced decentralization mutated the threat from a predictable, state-directed apparatus into an ideologically driven, **decentralized network of hacktivist cells** (such as CyberAv3ngers) with a high propensity for deploying destructive wiper malware (2). Furthermore, threat intelligence reveals that these actors have successfully pre-positioned **dormant access** within European water and energy systems<sup>2</sup>. Because these payloads do not require continuous C2 connectivity to activate, they represent a ticking

time bomb within European infrastructure(2). Should European states firmly align with the US-Israel military posture, these dispersed cells are highly likely to detonate these pre-positioned payloads against European financial, energy, and manufacturing entities<sup>2</sup>. Ukraine has proactively sought to aid Europe and Gulf allies in this arena; President Volodymyr Zelenskyy has offered extensive consultation on countering Iranian drone technology based on Ukraine's experiences fighting Russian forces (31).

## EU Policy Mitigation: The CER and NIS2 Directives

To harden the continent against this hybrid convergence of cyber and physical threats, the European Union has aggressively implemented Directive (EU) 2022/2557 on the Resilience of Critical Entities (the CER Directive), which formally repealed the outdated 2008/114/EC framework (9).

The CER Directive mandates a comprehensive all-hazards approach, compelling Member States to identify all critical entities within eleven essential sectors—with energy grids and subsea pipelines taking paramount precedence—by the strict deadline of July 17, 2026 (9). The directive imposes binding obligations on these entities to conduct rigorous risk assessments, fortify physical security perimeters, vet personnel extensively, and implement comprehensive incident response architectures (42). Crucially, the CER Directive operates in strict tandem with the NIS2 Directive, creating a legally binding, synchronized shield where CER governs physical and hybrid resilience, and NIS2 governs pure cybersecurity protocols and reporting mechanisms for operators of essential services (38). Together, these directives represent the most significant regulatory upgrade to European homeland security in a generation.

---

## Diplomatic Off-Ramps, Regional Mediation, and Alternative Corridors

While fortifying its internal defenses, industrial base, and cyber perimeters, Europe is simultaneously engaged in aggressive diplomatic maneuvering. The objective is to establish viable off-ramps to the interstate conflict while securing alternative supply chains that permanently bypass the compromised Strait of Hormuz.

### The Global Baku Forum and the Middle Corridor

In March 2026, the 13th Global Baku Forum—organized by the Nizami Ganjavi International Center (NGIC) and themed "Bridging Divides in a World in Transition"—served as a critical nexus for over 400 European, Asian, and Middle Eastern leaders to forge new energy and logistical architectures (13). Against the backdrop of Iranian drone strikes hitting the Azerbaijani exclave of Nakhchivan due to conflict spillover, President Ilham Aliyev positioned Azerbaijan as an indispensable pillar of European energy security (12).

With the Persian Gulf blockaded, Azerbaijan stepped into the void, increasing natural gas deliveries to the EU via its pipeline networks (48). Aliyev noted that Azerbaijan now exports pipeline gas to 16 countries, acting as a vital stabilizing force in the global energy market<sup>13</sup>. Beyond direct energy exports, the forum highlighted the critical strategic importance of the "Middle Corridor"—a multimodal logistics route connecting China and Central Asia to Europe via the Caspian Sea, Azerbaijan, Georgia, and Turkey, completely bypassing both sanctioned Russian territory to the north and the war-torn Middle East to the south (12).

Minister of Energy Parviz Shahbazov emphasized that in the 21st century, geopolitical power is defined not just by raw production, but by secure transit routes and connectivity (12). By investing fossil fuel revenues heavily into the Middle Corridor's infrastructure—and advancing a green energy transition targeting 8 GW of renewable capacity by 2032—Azerbaijan has created a reliable East-West artery for

European commercial transit that is insulated from maritime blockades (12). Furthermore, Aliyev highlighted that bilateral diplomacy—without the interference of third-party mediators like the dismantled Minsk Group—was the key to achieving peace with Armenia, resulting in the reopening of trade routes and demonstrating a successful model for localized conflict resolution(13).

| Key Themes at the 13th Global Baku Forum & Global Future Forum (2026) | Strategic Implications for European Resilience                                                                                                               |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Middle Corridor Expansion                                             | Secures a reliable logistics and energy transit route linking Asia to Europe, bypassing the Strait of Hormuz and Russia (12).                                |
| Addressing Global Turbulence                                          | WAAS sessions concluded that the world has reverted to pre-WWII multilateral failure; requires urgent diplomatic guardrails (47).                            |
| Technology and Sovereignty                                            | Recognition that AI and digital infrastructure are creating a "technological battle for supremacy," necessitating ethical AI and robust cyber defenses (49). |
| Climate and Water Systems                                             | UN High-Level Climate Leaders (COP29) emphasized linking sea-level dynamics to broader water security and mobilizing capital for adaptation (49).            |
| China's Multilateral Role                                             | European delegates sought clarity on China's 15th Five-Year Plan and its potential role in stabilizing global supply chains amid Western disorder (47).      |

The forum also integrated deep collaboration with the World Academy of Art and Science (WAAS), holding specific sessions on "Addressing Global Turbulence"(49). Moderated by experts like Ismail Serageldin, the consensus was stark: the world has reverted to an early 20th-century paradigm where conflict recognizes no boundaries, necessitating entirely new frameworks for human security and capital mobilization (49). Chinese representatives, such as Wu Hongbo and Mabel Miao Lu, noted that European delegates were actively looking toward Beijing to offer a new path of multilateral stability as Western-led systems fractured (47).

### Middle Eastern Mediation: Qatar and Egypt

Simultaneous to the economic re-routing in the Caucasus, European diplomats are heavily reliant on regional Middle Eastern partners to broker ceasefires and manage localized escalations. Qatar, despite suffering direct physical attacks on its LNG infrastructure, remains the indispensable mediator. At the GLOBSEC Forum, Qatari diplomats provided a candid assessment of their mediation posture (52). Defending their methodology in managing the Gaza ceasefire process and backstopping US-Iran negotiations through Oman, Qatar's Minister of State asserted that military options will never yield durable stability and that comprehensive political settlements are the only viable exit strategy (52).

Similarly, Egypt has taken a co-chairing role alongside the United States at the Sharm El-Sheikh Peace Summit (also known as the Gaza peace summit) (53). The summit brought together leaders from over 20 countries to implement a 20-point plan outlined by President Trump, which included a phased ceasefire in Gaza, the release of Israeli captives in exchange for approximately 2,000 Palestinian prisoners, and the gradual withdrawal of Israeli forces (54). While primarily focused on stabilizing the Levant, European policymakers view the success of this summit as a necessary prerequisite to de-escalating the broader US-Iran interstate war and securing the commercial approaches to the vital Suez Canal (53).

---

## Forward Outlook and Strategic Imperatives

The escalating Iran interstate conflict represents a permanent paradigm shift in global security, terminating the era of globalization underwritten by undisputed American maritime hegemony. For the European Union, the crisis has vividly demonstrated that reliance on the United States for security in out-of-area conflicts carries unacceptable economic and geopolitical risks.

The weaponization of the Strait of Hormuz has exposed the immense fragility of global energy markets, transferring massive inflationary pressure into the European macroeconomic system and forcing the ECB into a restrictive monetary posture (1). Simultaneously, the weaponization of sovereign airspace by European states such as Spain has shattered the illusion of lockstep NATO consensus, proving that domestic political opposition to unilateral US wars will frequently override historical alliance cohesion (5).

Moving forward, the resilience of European critical entities will depend entirely on the successful execution of its dual-track strategy of industrial autonomy and legislative hardening.

### Strategic Imperatives for European Policymakers and Infrastructure Operators:

1. **Accelerate EDIP Capital Deployment:** To overcome decades of defense underinvestment, the €1.5 billion allocation for EDIP must be viewed strictly as seed capital. Member states must rapidly utilize SEAPs and EDPCIs to pool procurement, specifically fast-tracking the integration of the ESSi air defense architecture to protect critical infrastructure from the proliferation of long-range drone and ballistic threats (11).
2. **Enforce Supply Chain Sovereignty:** The strict 35 percent limit on non-EU components mandated by EDIP must be rigorously enforced across all procurement cycles (32). Europe cannot substitute its historical energy reliance on Russia, or its current security reliance on the US, with a defense supply chain reliance on volatile third-party nations.
3. **Operationalize the CER/NIS2 Nexus:** Infrastructure operators must treat the dormant, pre-positioned access achieved by decentralized Iranian hackers as a critical, imminent threat (2). Compliance with the CER and NIS2 directives by the July 2026 deadline is not merely a regulatory exercise; it is an absolute operational necessity to prevent catastrophic physical sabotage of the European energy and water grids (9).
4. **Diversify Logistics via the Middle Corridor:** Geoeconomic stability requires the permanent bypassing of maritime chokepoints in the Middle East. Deepening diplomatic and infrastructural investment in the Caucasus and Central Asia—specifically expanding the throughput capacity of Azerbaijan's Middle Corridor—is vital to ensuring the uninterrupted flow of commercial goods and energy to European markets regardless of Persian Gulf volatility (12).

The interstate conflict with Iran is actively reshaping the architecture of global power. For Europe, survival and prosperity in this violently fragmented geopolitical landscape necessitate the rapid actualization of strategic autonomy, transforming the continent from a passive consumer of security into a resilient, self-sustaining geopolitical actor capable of defending its sovereign interests.



---

## References

1. Economic impact of the 2026 Iran war - Wikipedia, [https://en.wikipedia.org/wiki/Economic\\_impact\\_of\\_the\\_2026\\_Iran\\_war](https://en.wikipedia.org/wiki/Economic_impact_of_the_2026_Iran_war)
2. The Escalating Cyber Risk Landscape in Regional Conflicts, <https://blog.eclecticiq.com/the-escalating-cyber-risk-landscape-in-regional-conflicts-strategic-actions-for-2026>
3. Oil, Gas Prices Surge as Iran Conflict Disrupts Middle Eastern Flows, <https://energynow.com/2026/03/brent-crude-jumps-to-over-82-wti-to-over-72-in-first-trading-as-iran-conflict-escalates-disrupts-shipping/>
4. 2026 Iran war fuel crisis - Wikipedia, [https://en.wikipedia.org/wiki/2026\\_Iran\\_war\\_fuel\\_crisis](https://en.wikipedia.org/wiki/2026_Iran_war_fuel_crisis)
5. Washington questions NATO alliance, as Spain fences off airspace, <https://breakingdefense.com/2026/03/washington-questions-nato-alliance-as-spain-fences-off-airspace/>
6. Oil Prices Surge Amid Middle East Supply Disruptions, IEA Taps, <https://www.kucoin.com/news/flash/oil-prices-surge-amid-middle-east-supply-disruptions-iaa-taps-reserves>
7. Spain closes airspace to U.S. aircraft involved in Iran war, <https://english.nv.ua/nation/spain-closes-airspace-to-us-craft-involved-in-iran-war-50596179.html>
8. Is US leaving Nato? Why Spain and Iran war could trigger Trump's, <https://timesofindia.indiatimes.com/defence/international/us-is-leaving-nato-why-spain-and-iran-war-could-trigger-trumps-biggest-global-shock/articleshow/130582857.cms>
9. Directive 2022/2557 on the resilience of critical entities – Policies - IEA, <https://www.iea.org/policies/26916-directive-20222557-on-the-resilience-of-critical-entities>
10. European Defence Industrial Strategy - Wikipedia, [https://en.wikipedia.org/wiki/European\\_Defence\\_Industrial\\_Strategy](https://en.wikipedia.org/wiki/European_Defence_Industrial_Strategy)
11. European Sky Shield Initiative - Secret Military Technology, <https://www.secretmilitarytechnology.com/dossiers/european-sky-shield>
12. At the Baku Energy Forum: Azerbaijan acts both as a reliable energy, <https://minenergy.gov.az/en/xeberler-arxivi/00813>
13. 13th Global Baku Forum, themed "Bridging Divides in a World in, <https://president.az/en/articles/view/71883>
14. Middle East War to Spark Biggest Energy Price Surge in Four Years, <https://www.worldbank.org/en/news/press-release/2026/04/28/commodity-markets-outlook-april-2026-press-release>
15. EU Natural Gas - Price - Chart - Historical Data - Trading Economics, <https://tradingeconomics.com/commodity/eu-natural-gas>
16. Eurozone Inflation Rises to 3.3%, Boosting Case for ECB Interest, <https://global.morningstar.com/en-nd/economy/eurozone-inflation-rises-33-boosting-case-ecb-interest-rate-hike>
17. Spain closes airspace to US planes involved in Iran war, <https://www.timesofisrael.com/spain-closes-airspace-to-us-planes-involved-in-iran-war/>
18. Spain closes airspace to U.S. planes involved in Iran war | PBS News, <https://www.pbs.org/newshour/world/spain-closes-airspace-to-u-s-planes-involved-in-iran-war>

19. Spain closes airspace to US military over Iran war, widening rift with, <https://www.theguardian.com/world/2026/mar/30/spain-closes-airspace-to-us-military-over-iran-war-widening-rift-with-us>
20. Europe Says No: Allies Block U.S. War Flights - MiGFlug, <https://migflug.com/afterburner/europe-says-no-allies-block-u-s-war-flights/>
21. Spain refuses to provide military support for US attack on Iran and, <https://english.elpais.com/international/2026-03-02/spain-refuses-to-provide-military-support-for-us-attack-on-iran-and-distances-itself-from-france-germany-and-the-uk.html>
22. Spain shuts airspace for US planes involved in Iran war, <https://www.courthousenews.com/spain-shuts-airspace-for-us-planes-involved-in-iran-war/>
23. Spain closes its airspace to US planes involved in Iran war | AP News, <https://apnews.com/article/trump-spain-united-states-iran-war-05e23ef4e0bda9cb226a16b10cd9437c>
24. Collective defence and Article 5 | NATO Topic, <https://www.nato.int/en/what-we-do/introduction-to-nato/collective-defence-and-article-5>
25. EXPLAINER - European states split over US access for Iran operations, <https://www.aa.com.tr/en/world/explainer-european-states-split-over-us-access-for-iran-operations/3896348>
26. European Sky Shield Initiative - Wikipedia, [https://en.wikipedia.org/wiki/European\\_Sky\\_Shield\\_Initiative](https://en.wikipedia.org/wiki/European_Sky_Shield_Initiative)
27. [2026-03-18] As Senate Republicans Fail to Act on Iran War, <https://www.kaine.senate.gov/press-releases/as-senate-republicans-fail-to-act-on-iran-war-senators-force-new-war-powers-vote-and-meet-with-veterans>
28. War Powers Resolution - Wikipedia, [https://en.wikipedia.org/wiki/War\\_Powers\\_Resolution](https://en.wikipedia.org/wiki/War_Powers_Resolution)
29. Democrats file new war powers resolutions and call for public, <https://www.theguardian.com/us-news/2026/mar/09/democrats-iran-war-powers-resolutions>
30. Murphy forces war powers vote as Iran conflict persists - CT Mirror, <https://ctmirror.org/2026/03/24/murphy-to-force-war-powers-vote-as-iran-conflict-persists/>
31. Senate Rejects War Powers Measure | Council on Foreign Relations, <https://www.cfr.org/articles/senate-rejects-war-powers-measure>
32. EDIP explained: your guide to Europe's new Defence Industrial, <https://cee.pwc.com/edip-explained-your-guide-to-europes-new-defence-industrial-regulation.html>
33. The European Defence Industry Programme: The Last Piece of the, <https://www.iai.it/en/publications/c41/european-defence-industry-programme-last-piece-eu-defence-puzzle>
34. EDIP Regulation: A New European Framework for Defence Sector, <https://cms.law/en/aut/publication/edip-regulation-a-new-european-framework-for-defence-industrial-sovereignty>
35. The European Sky Shield Initiative (ESSI) - EPIS Thinktank, <https://epis-thinktank.com/publications/the-european-sky-shield-initiative-essi>
36. An Analysis of The European Sky Shield Initiative (ESSI) and, <https://jdsi.org/defence-security-ind/article/view/22>

37. Commission proposes five joint defence projects to strengthen, [https://defence-industry-space.ec.europa.eu/commission-proposes-five-joint-defence-projects-strengthen-europes-industrial-capabilities-2026-07-03\\_en](https://defence-industry-space.ec.europa.eu/commission-proposes-five-joint-defence-projects-strengthen-europes-industrial-capabilities-2026-07-03_en)
38. NIS2 and Energy: Powering Up Cybersecurity Compliance, <https://cybersecurity.asee.io/blog/nis2-and-energy-sector/>
39. Critical entities resilience - Joint Research Centre (JRC) - Europa.eu, [https://joint-research-centre.ec.europa.eu/projects-and-activities/strengthening-eu-resilience-hybrid-threats-and-critical-entities/critical-entities-resilience\\_en](https://joint-research-centre.ec.europa.eu/projects-and-activities/strengthening-eu-resilience-hybrid-threats-and-critical-entities/critical-entities-resilience_en)
40. Directive - 2022/2557 - EN - CER - EUR-Lex - Europa.eu, <https://eur-lex.europa.eu/eli/dir/2022/2557/oj/eng>
41. Critical entity designation in Ireland: are you ready? - Matheson LLP, <https://www.matheson.com/insights/critical-entity-designation-in-ireland-are-you-ready/>
42. Denmark introduces CER Act to strengthen resilience of critical entities, <https://plesner.com/en/news/denmark-introduces-cer-act-strengthen-resilience-critical-entities>
43. The CER Directive - Energimyndigheten, <https://www.energimyndigheten.se/en/energy-preparedness/cybersecurity/cer-directive/>
44. NIS2: How energy suppliers must protect themselves against cyber, <https://kpmg-law.de/en/nis2-how-energy-suppliers-must-protect-themselves-against-cyber-attacks/>
45. Cyber Resilience as a Pillar of European Energy Security - CERRE, <https://cerre.eu/publications/cyber-resilience-as-a-pillar-of-european-energy-security/>
46. XI Global Baku Forum: "Fixing the Fractured World" - NGIC, <https://nizamiganjaviic.org/en/forum/12>
47. At the 13th Baku Global Forum, global participants look to China for, <https://www.globaltimes.cn/page/202604/1358941.shtml>
48. Global Baku Forum opens with Iran war raging across the border, <https://www.youtube.com/watch?v=qNGa1BBFgcM>
49. XIII Global Baku Forum - World Academy of Art and Science, <https://worldacademy.org/xiii-global-baku-forum/>
50. Global Future Forum Baku 2026 | AI, Ethics & Leadership, <https://gff.thecseed.org/baku2026/>
51. Diplomats gather at NGIC event devoted to upcoming Global Baku, <https://caliber.az/en/post/un-rep-highlights-importance-of-upcoming-global-baku-forum-in-global-peace-efforts>
52. Seeking Peace in the Middle East and Beyond - Happenee, <https://events.globsec.org/?page=eventDetail&action=sessionDetail&ehash=I2KEn3Ozyb2toqqW2w%253D%253D&sessionId=1347&moduleId=36187&lang=en>
53. Gaza peace summit - Wikipedia, [https://en.wikipedia.org/wiki/Gaza\\_peace\\_summit](https://en.wikipedia.org/wiki/Gaza_peace_summit)
54. Egyptian, US presidents to co-chair international peace summit in, <https://www.aa.com.tr/en/americas/egyptian-us-presidents-to-co-chair-international-peace-summit-in-sharm-el-sheikh/3714697>
55. Sharm El-Sheikh Hosts International Peace Summit on Monday, <https://www.presidency.eg/en/%D9%82%D8%B3%D9%85-%D8%A7%D9%84%D8%A3%D8%AE%D8%A8%D8%A7%D8%B1/%D8%A3%D8%AE%D8%A8%D8%A7%D8%B1-%D8%B1%D8%A6%D8%A7%D8%B3%D9%8A%D8%A9/news11102025-2/>

56. Donald Trump and Abdel Fatah al-Sisi to chair Gaza peace summit,  
<https://www.theguardian.com/world/2025/oct/11/donald-trump-and-abdel-fattah-al-sisi-to-chair-gaza-peace-summit>

# STAY RESILIENT

