INFORMATION BRIEF

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Potential Implications of the Iran–US–Israel Conflict on Nigeria's Economy and Recommended Legislative Interventions

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Executive Summary

Recent military strikes involving the United States and Israel against Iran have heightened geopolitical tensions in the Middle East, increasing uncertainty within global energy markets. Iran remains a significant oil producer, supplying approximately 3.1 million barrels per day and holding some of the world's largest proven reserves. Any disruption to the Strait of Hormuz, a critical transit corridor for global crude shipments, could trigger sharp increases in oil prices, elevated shipping and insurance costs, and renewed global inflationary pressures.

For Nigeria, the evolving Iran–US–Israel conflict presents a complex mix of risks and opportunities. While higher global crude oil prices could increase federally collected revenues in the short term, Nigeria's continued dependence on imported refined petroleum products means that rising crude prices could simultaneously increase the landing costs of petrol, diesel, and aviation fuel. This dynamic may translate into higher domestic fuel prices, which would likely transmit rapidly into increased transportation and food costs, thereby intensifying inflationary pressures.

Additionally, heightened insecurity in the Middle East could drive up global shipping and insurance premiums, further increasing the cost of imports and industrial inputs. Although improved oil earnings may temporarily strengthen foreign reserves and fiscal inflows, broader global instability could lead to capital flow reversals, exchange rate volatility, and financial market uncertainty. Nigeria's limited domestic refining capacity and absence of robust strategic petroleum reserves further heighten vulnerability to supply disruptions and price shocks. These interconnected risks underscore the need for coordinated fiscal, monetary, and energy policy preparedness.

In light of these developments, the National Assembly, through the Committees on Petroleum (Upstream and Downstream), Finance, Banking and Currency, and National Planning, is respectfully urged to consider the following actions:

1. Convene an immediate joint oversight hearing to assess the potential economic, fiscal, and energy security implications of the ongoing conflict and receive briefings from key economic and energy agencies.

2. Request, through its oversight powers, a 30-day Oil Shock Impact Assessment from the Minister of Petroleum Resources, the Ministry of Finance, and the Central Bank of Nigeria, and advise the Executive to undertake scenario planning using oil price benchmarks of $90, $100, and $120 per barrel to guide fiscal, monetary, and energy policy

responses.

3. Consider enacting or reinforcing legislative provisions requiring that a defined portion of oil revenues earned above the approved budget benchmark be ring-fenced within a stabilisation framework, restricted to clearly defined purposes such as infrastructure development, debt reduction, and strengthening foreign reserves.

4. Initiate legislation to establish a National Strategic Petroleum Reserve with a minimum storage capacity equivalent to at least 60 days of national fuel consumption in order to reduce exposure to sudden global supply disruptions.

5. Engage the Central Bank of Nigeria on contingency measures to mitigate exchange rate volatility and guard against speculative pressures on the naira, and where necessary, consider targeted and time-bound support measures for critical sectors such as transportation and agriculture to cushion consumers from abrupt fuel-induced price increases.

The Iran–US–Israel conflict presents Nigeria with both short-term revenue opportunities and significant macroeconomic risks. Timely and coordinated legislative intervention will help mitigate potential inflationary and supply-side shocks, strengthen economic resilience, and ensure that Nigeria is strategically positioned to navigate global oil market volatility while protecting the welfare of its citizens.

Background:

Recent military strikes involving the United States and Israel against Iran have heightened geopolitical tensions in the Middle East[1]. While these strikes are presented by the parties involved as necessary measures to counter perceived security threats and deter further regional escalation, they have significantly increased uncertainty within global energy markets.

Iran remains a major oil producer, supplying approximately 3.1 million barrels per day and holding some of the world's largest proven reserves. A potential disruption of the Strait of Hormuz, a critical transit corridor for global oil shipments, could trigger sharp increases in crude prices, higher shipping and insurance costs, and renewed inflationary pressures worldwide[2][3].

Given Nigeria's continued reliance on crude oil revenues and its dependence on imported refined petroleum products, this evolving conflict presents both material risks and strategic opportunities for

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[1] Marsi, F., Pietromarchi V. & Milisic, A. (2026, February 28). US, Israel attack Iran live: Khamenei killed, Tehran launches attacks. *Aljazeera.* https://www.aljazeera.com/news/liveblog/2026/2/28/live-israel-launches-attacks-on-iran-multiple-explosions-heard-in-tehran

[2] Al Awsat, A. (2026, February 28). Some Oil Majors, Traders Suspend Shipments via Hormuz amid US Attack on Iran. Asharq Al Awsat. https://english.aawsat.com/business/5245789-some-oil-majors-traders-suspend-shipments-hormuz-amid-us-attack-iran

[3] Oritse, G. (2026, March 1). US, ISRAEL ATTACK ON IRAN: Shipping, oil prices may soar – Analyst. *Vanguard.* https://www.vanguardngr.com/2026/03/us-israel-attack-on-iran-shipping-oil-prices-may-soar-analyst/

the Nigerian economy. It is therefore imperative to bring these developments to the attention of the National Assembly in order to ensure informed legislative oversight, anticipate potential economic shocks, and take proactive measures to mitigate risks while maximising emerging opportunities for the benefit of Nigeria's economy and citizens.

Issue:

The ongoing Iran–US–Israel conflict could impact Nigeria across multiple interconnected economic channels, including oil price volatility, inflationary pressures, exchange rate and fiscal uncertainty, and energy security vulnerabilities.

A potential surge in global crude oil prices may increase federally collected revenues in the short term. However, because Nigeria remains significantly dependent on imported refined petroleum products, higher crude prices could simultaneously raise landing costs for petrol, diesel, and aviation fuel, potentially driving domestic fuel price increases.

Rising fuel costs would likely transmit quickly into higher transportation and food prices, thereby intensifying inflationary pressures. Additionally, elevated global shipping and insurance premiums resulting from heightened Middle East insecurity may increase the cost of imports, further affecting consumer prices and industrial inputs.

While increased oil earnings could temporarily strengthen foreign reserves and improve fiscal inflows, broader global instability may trigger capital flow reversals, exchange rate volatility, and financial market uncertainty. Furthermore, Nigeria's limited domestic refining capacity and inadequate strategic fuel reserves heighten its exposure to global supply disruptions and price shocks.

These overlapping risks emphasise the need for coordinated fiscal, monetary, and energy policy preparedness.

Rationale for Legislative Action:

The National Assembly has a constitutional responsibility to oversee fiscal policy, protect consumers, and ensure national economic stability. Proactive legislative intervention is necessary to:

- Prevent oil revenue gains from causing inflationary shocks.
- Strengthen energy security and reduce import dependence.
- Protect consumers from artificial price hikes.
- Ensure prudent management of windfall revenues.
- Position Nigeria strategically in global oil markets.

Without timely intervention, Nigeria risks economic instability, rising costs of living, and missed opportunities to benefit from favourable oil market conditions.

Recommendations to the National Assembly

The National Assembly, through the relevant Committees on Petroleum (Upstream and Downstream), Finance, Banking and Currency, and National Planning, is respectfully urged to:

1. Convene an immediate joint oversight hearing to assess the potential economic, fiscal, and energy security implications of the ongoing conflict on Nigeria, and receive briefings from key economic and energy agencies.

2. Through its oversight powers, request a 30-day Oil Shock Impact Assessment from the Minister of Petroleum Resources, the Ministry of Finance, and the Central Bank of Nigeria. In addition, advise the Executive to undertake scenario planning using realistic oil price benchmarks of $90, $100, and $120 per barrel to guide fiscal, monetary, and energy policy responses.

3. Consider enacting or reinforcing legislative provisions requiring that a defined portion of oil revenues earned above the approved budget benchmark be ring-fenced into a stabilisation framework. Such funds should be restricted to clearly defined purposes, including infrastructure development, debt reduction, and strengthening foreign reserves.

4. Initiate legislation to create a National Strategic Petroleum Reserve with a minimum storage capacity equivalent to at least 60 days of national fuel consumption, in order to reduce exposure to sudden global supply disruptions.

5. Engage the Central Bank of Nigeria on contingency measures to mitigate exchange rate volatility and guard against speculative pressures on the naira. Where necessary, consider targeted and time-bound support measures for critical sectors such as transportation and agriculture to cushion consumers from abrupt fuel-induced price increases.

Conclusion:

The Iran–US–Israel conflict presents Nigeria with both **opportunities and risks**: potential short-term gains in oil revenue against the risk of inflation, supply shocks, and economic instability.

By taking proactive and achievable legislative actions through oversight, revenue management, energy security strengthening, and consumer protection, Nigeria can mitigate potential negative impacts while strategically positioning itself to benefit from global oil market dynamics.

Timely intervention by the National Assembly could ensure that Nigeria remains economically resilient, energy secure, and prepared for global oil market volatility.

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