

COMMENTARY: THE EMERGING CRISIS IN THE PERSIAN GULF

By Richard Nephew
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As fully anticipated by at least this observer, the U.S. decision to renounce the Joint Comprehensive Plan of Action (JCPOA) and to ratchet up tensions with Iran has reached a logical stage of development: escalation and conflict in the Persian Gulf itself. On 19 July, Iran reportedly seized a British-flagged tanker that was transiting the Straits of Hormuz. The probable, proximate cause for this act is the seizure of an Iranian tanker in Gibraltar on 5 July and a court ruling that would permit its continued detention. But – ultimately – much of the tension and sense of crisis now gripping the region stems from the Trump Administration’s decision to spurn realistic opportunities for diplomatic engagement with Iran on the basis of the JCPOA, and instead pursue a sanctions-based approach that is intended to precipitate regime destabilization if not collapse.

Over the past week, much has been made of the President’s own stated desire for a diplomatic solution that precludes Iran’s possession of nuclear weapons. Though this sounds an awful lot like the JCPOA, the stated U.S. position on Iran’s nuclear program is that it may not include uranium enrichment. This is – and has been since at least 2003 – a non-starter for Iran. Combined with the steps taken by the United States to rattle Iran’s government and Iran’s own decision to restart aspects of its nuclear program halted pursuant to the JCPOA, the scene is now set for a much wider, deeper conflict. Diplomatic offramps – such as the reported meeting of Iranian Foreign Minister Javad Zarif and U.S. Senator Rand Paul – hold some (but probably very little) promise of deflecting the United States from this course.

This assumption in mind, here are four observations and expectations for the coming week.

- 1) Iran will hold on to the UK’s ship and the UK will hold on to Iran’s, but there will be no wider military conflict in the near term.**

Though some may be giddy at the prospect of a shooting war in the Persian Gulf, they’re likely to be disappointed: neither Iran nor the UK wish for such a conflict now. For the UK, they are in the midst of a leadership transition and a generational decision about the future of their country in Europe. There will be posturing and there will be condemnation. The UK will probably position forces in the Gulf and will demand the release of its ship. But, the UK is unlikely to launch military attacks to free them.



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As for the Iranians, they did this to prove a point, not only to the UK but also to Europe and the rest of the world more generally: underestimate us at your peril. The Iranians have been seeking an opportunity to reaffirm that they are a power in the region and that they will defend their interests in the Gulf. They also want to deter against military attack and create a sense of insecurity for those using the Straits. But, they are neither positioned for a war nor do they likely perceive a war to be in their interests, especially given that a conflict would likely impose significant costs on Iran. If Iran wanted to wreak havoc in the region and in the Gulf, they would have simply sunk the ship. Capturing them is about creating leverage and taking hostages, which – in Iran’s view – is justified given the ship in Gibraltar.

More than likely, the result of this decision will be intensified diplomacy as Tehran and London seek to deconflict the crisis as swiftly as possible.

2) Oil markets probably will react, but then calm down – with unnecessary and unwise sangfroid – earlier than expected.

Of the most surprising and perplexing developments of 2019, is the readiness of oil markets to view the security threat in the region as “situation normal.” Some market actors have told me that this is because of slackened demand worldwide and an expectation that no one wants a war in the region, especially Donald Trump.

So, markets will probably react negatively, especially if all three ships remain in their detentions throughout the next several days, with prices climbing and expectations of supply loss emerging. But, with positive noises from London and Tehran, markets will relax, especially if no additional ships – and no ships linked to countries outside of the UK – are hampered in their transits.

This is problematic because of the third observation:

3) Very few people truly appreciate how close we are to a major crisis, notwithstanding the current sense of calm.

With every new incident, there is a greater risk of an unintended escalation to military conflict.

The United States has, in the last two weeks, contemplated attacking Iran, lost a drone, shot down an Iranian drone, announced the deployment of new forces to the region (including F-22s and troops to Saudi Arabia), and reaffirmed that no agreement would be acceptable if Iran retains uranium enrichment at the end of the day.

Iran has seized two ships, launched a drone near U.S. forces, attacked a drone, expanded its enriched uranium stockpile, announced the intent to reverse further its nuclear commitments under the JCPOA, and vowed to stand firm in defense of its nuclear rights.

Taken in combination with the constant churn of crisis in the region and Iran's wide array of proxies (some of which may be under greater or lesser Iranian control), this is a combustible mixture. A conflict could be sparked by any of the existing steps but certainly by the combination of them, especially as weeks and months drag on without any meaningful attempt at serious negotiation between the parties.

4) Iran has not yet lost its desire to keep the situation hot but stable for the next 18 months...but this is a highly contested concept in Tehran.

Thus far, and even notwithstanding Iran's provocations, the Iranian government has seemed to maintain its general stance that it is not in its interest to alienate the rest of the world or to be blamed for the crisis that is emerging. The Iranians appreciate that the United States is isolated and, to some extent, blamed for what is happening now. They also see that its long-term interests may be advanced by keeping the situation reasonably stable until they are presented with a somewhat more realistic U.S. negotiating posture, if that comes to pass in 2021.

But, the Iranians also have their domestic problems to manage and they have lost faith in Europe as an avenue for sanctions relief, China and Russia as a source of political support, and a change in the U.S. government as a means of delivering a more sensible foreign policy. They – and here, principally, I mean President Rouhani – are seeking to thread a very fine needle but do not have control over all means of Iranian power projection, especially in the region and as pertains to military force. The seizure of these two ships – and Iran's generally escalatory approach since early May 2019 – demonstrate some of these tensions, as well as Rouhani's own attempt to assert himself in these debates as a means of managing the situation.

Internal Iranian instability is, therefore, a very real and present threat to the broader regional situation. Should Rouhani reverse course or should he be sidelined completely, we might find that Iranian policy today is tame and reasonable compared to what may emerge.

ABOUT THE AUTHOR

Richard Nephew joined the Center on Global Energy Policy in February 2015 directly from his role as Principal Deputy Coordinator for Sanctions Policy at the Department of State, a position he held since February 2013. Nephew also served as the lead sanctions expert for the U.S. team negotiating with Iran. From May 2011 to January

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The views in this commentary represent those of the author.

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