



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

Situation Assessment | 23 June 2019

Where to next for Iranian-US confrontation after oil tankers attacks?

Unit for Political Studies

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Series: [Situation Assessment](#)

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Unit for Political Studies

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Introduction

On the morning of 13 June 2019 two oil tankers sailing under the flag of the Marshall Islands were attacked close to the Iranian coastline, resulting in them catching fire. The tankers were shipping Saudi and Emirati petroleum products to East Asia. The attacks did not result in any human losses, but the US and UK accused Iran of being responsible, with the US Secretary of State describing the attacks as “present[ing] a clear threat to international peace and security, a blatant assault on the freedom of navigation, and an unacceptable campaign of escalating tension”. This is an accusation rejected by Iran. This is the second time in a month that tankers in the Sea of Oman have been attacked. On 12 May, four tankers carrying Saudi, Emirati and Norwegian flags were the victim of attacks causing relatively minor damage near to the Emirati port of Fujairah. The attacks have led to an increase in tensions between Iran and the US, which have been steadily escalating since President Trump’s decision to withdraw from the Iran Nuclear Deal in May 2018.

US strategy

The US is working to increase pressure on Iran as part of its so-called “Maximum Pressure” strategy, in order to force it to renegotiate the Nuclear Deal, which the Trump administration considers insufficient to check Iran’s regional ambitions and its “quest for dominance”. As soon as Trump decided to withdraw from the deal, Washington began to impose escalating sanctions on Iran which began by targeting its oil and banking sectors in August 2018. This was followed by an embargo on Iranian oil exports in November 2018, from which eight countries were granted a six month exception ending in May 2019. This has succeeded in reducing Iranian oil exports from 2.5 million barrels daily to approximately 400,000 barrels in May 2019 – important, given that oil returns make up some 40% of the general income of the Iranian budget. Washington has also imposed additional sanctions on the Iranian mining sector (10% of the total exports of Iran), followed by sanctions on the petrochemicals sector (whose exports have an estimated yearly value of 14 million dollars). And in April 2019, the Iranian Revolutionary Guard was blacklisted as a foreign terrorist organisation.

To preclude any Iranian reaction against these unprecedented measures targeting Iran’s economy and regime, the USA has gradually increased its military presence in the region as part of a prevention strategy intended to support the embargo. The US Department of Defence thus dispatched an aircraft carrier, the USS Abraham Lincoln,⁽¹⁾ on 9 May 2019, along with a fighting group made of 27 ships including warships, destroyers and submarines. On the same day it deployed four B-52 bombers, capable of carrying nuclear weapons, to the area. On the following day, the warship USS Arlington – designed to transport Marines – was dispatched, carrying amphibious vehicles, assault helicopters, and a battery of Patriot missiles, intended for defence against aerial attacks by warplanes or drones as well as cruise and tactical ballistic missiles.

1 Amanda Macias, “The US is sending another warship and more missiles to the Middle East amid Iran tensions,” CNBC, May 10 2019, accessed on 17/6/2019, at: <https://cnb.cx/2Vd0xiM>



Alongside this general reinforcement of US capabilities in the region, Trump and his administration have been sending messages to Iran with much the same meaning. Trump threatened Iran with a “crushing response” to any Iranian attack on its military presence or its interests in the region, while National Security Advisor John Bolton issued a statement to the effect that “to send a clear and unmistakable message to the Iranian regime that any attack on United States interests or on those of our allies will be met with unrelenting force. The United States is not seeking war with the Iranian regime, but we are fully prepared to respond to any attack, whether by proxy, the Islamic Revolutionary Guard Corps, or regular Iranian forces.”⁽²⁾

Iranian strategy

Iran has responded to the destructive US embargo with two approaches. It has threatened, if prevented from exporting its oil, that it will not allow others to export their oil – which has been interpreted as a threat to close the Strait of Hormuz or to target the oil tankers that pass through it. The second approach pertains to Iran’s commitments under the nuclear deal. On 8 May 2019 the Iranian President Hasan Rouhani declared that his country would renege on some of these commitments, and threatened to resume enriching uranium at high levels in 60 days and recommission the Arak reactor if other signatory countries did not fulfil their obligation to protect Iran’s oil and banking sectors from US sanctions.⁽³⁾ He likewise announced that Iran was to stop selling its enriched uranium and heavy water supplies. The nuclear deal stipulates that Iran is to reduce its stockpile of enriched uranium (by 3.67%) so that it never exceeds 300 kilograms, and that it is never to own more than 130 tonnes of heavy water.

Various international reports indicate that the US sanctions have had a much greater effect than expected on the Iranian economy. The Iranian currency has fallen dramatically against the dollar, and inflation is estimated at 40% this year. According to the IMF, in 2018 the Iranian economy shrank by 3.9%, and is expected to shrink by another 6% this year⁽⁴⁾ - and these figures are from a report produced before oil sanctions went into effect at the beginning of May 2019, and before the implementation of further US sanctions on Iranian mining and petrochemicals.

Faced by this difficult reality, Iran is unlikely to simply stand by and watch efforts to strangle it economically, which are the essence of the US strategy to push it to accept its new demands and negotiate a new deal on its nuclear and rocket programs and regional influence. According to a US intelligence report, the Iranian regime – or at least a faction within it – may be seeking to goad the US into limited military activity in order to increase its domestic popularity and strengthen its strategic position abroad.⁽⁵⁾ This contradicts a former US analysis that suggested that Tehran would attempt to

2 Ibid.

3 “EU rejects Iran nuclear deal ‘ultimatum’, regrets US sanctions,” Aljazeera, May 9, 2019, accessed on 17/6/2019, at: <https://bit.ly/2PUGYLO>

4 Michael Lipin & Guita Aryan, “Iran Sees Oil Exports Falter, Trade Slump with Germany, US,” VOA News, May 11, 2019, accessed on 17/6/2019, at: <https://bit.ly/2JggdQW>

5 Julian E. Barnes & Eric Schmitt, “Pentagon Builds Deterrent Force Against Possible Iranian Attack,” *The New York Times*, May 10, 2019, accessed on 17/6/2019, at: <https://nyti.ms/2x4heTH>

absorb and circumvent US sanctions until the next US elections in 2020 in the hope that Trump would lose and a new president Iran could work with would replace him. But according to this analysis the weight of the sanctions imposed by the Trump administration may have pushed the Iranians to change their strategy and focus on an attempt to provoke limited military action by threatening US interests and those of US allies in the region – including partial closure of the Straits of Hormuz, through which nearly a third of all maritime crude shipping passes, or by targeting commercial shipping or even US military vessels in the Red Sea, Bab el-Mandeb or the Gulf.⁶ But this analysis ignores the declared Iranian strategy of refusing to be the only ones affected by the embargo, and a clear trend in Iran's behaviour of avoiding direct clashes with the US. Iran cannot control the extent of the US response, which is what a strategy of seeking a military response would require.

Japanese mediation

The attacks against the oil tankers in the Sea of Oman coincided with a visit to Tehran by the Japanese Prime Minister Shinzo Abe, who passed on a message entrusted to him by President Trump during his time in Tokyo in mid-May 2019. Abe gave reassurances that Washington is not seeking war or regime change in Tehran, but wants to negotiate a new deal to replace the one it has withdrawn from. The timing of the attacks, which coincided with this visit, has provoked a great deal of controversy and speculation about those responsible; the incident has been interpreted as an attempt to torpedo the Japanese mediation efforts, especially given that the tankers were on their way to Japan. Iran, which denies any involvement, has accused three parties it says want to increase tensions between Tehran and Washington: the UAE, Saudi Arabia, and Israel.

The situation has been made even more unclear by the controversy over exactly how the tankers were targeted. A video tape released by the Pentagon shows an Iranian speedboat attempting to remove an explosive from the hull of one of the tankers, while sailors' statements say that it was an "airborne object" (probably a torpedo) that struck the tanker. Other than the UK none of the nuclear deal's signatory countries have accepted the US narrative: Germany has stated that the US tape is not sufficient to show that Iran is responsible, while Russia and China have warned against being too hasty in casting blame, and France has remained silent. The UN Secretary General, meanwhile, has called for an independent investigation to determine who is responsible for the attacks – which is exactly what Iran is demanding.

The US has found it very difficult to mobilise significant international support against Iran for two reasons. Firstly, it is the US (and not Iran) that reneged on its obligations under the nuclear deal by withdrawing from it. The International Atomic Energy Agency affirms that Iran had kept to its side of the deal. The other signatories to the deal thus consider the Trump administration responsible for the current crisis. The second reason is that the US suffers from a credibility problem because of the false pretexts it used to justify its invasion of Iraq in 2003.

⁶ Tucker Reals, "As B-52 bombers arrive in region, defiant Iran says U.S. 'will not dare' attack," CBS News, May 10, 2019, accessed on 17/6/2019, at: <https://cbsn.ws/2LBAkel>



Conclusion

The attacks on the oil tankers have raised US-Iranian tensions to new levels, particularly after the USA's deployment of the destroyer USS Mason to the location of the incident just a few kilometres from the Iranian coastline, and its claims of Iranian attempts to shoot down a US drone operating in the area shortly before the attacks. But for now it is clear that the Trump administration does not want a direct military confrontation with Iran. The US central leadership has released a statement to this effect, in which it said that this confrontation would not serve US interests, but that the US will nonetheless "defend its interests". Neither the US nor Iran, according to our analysis, wants a military confrontation. But the absence of a desire for escalation is not sufficient to guarantee that it will not happen, particularly given the possibility of further and more violent attacks on tankers. Iran will not accept attempts to prevent it from exporting its oil while others export theirs. And the likelihood of it withdrawing from the nuclear deal is increasing because of the inability of the European countries (especially the UK, France and Germany, the signatories to the agreement) to implement a mechanism to protect European companies dealing with Iran from US sanctions, as well as other countries' compliance with the embargo (including China). If Iran withdraws from the deal, this will be another reason for an increase in tensions.