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Raising the Cost of War: Iran's Response to the US–Israeli War

Unit for Political Studies

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Table of Contents

The Descent into War	1
Iranian Calculations with the Outbreak of War	2
What Options Are Left for Iran?	4

Nearly a week into the US-Israeli attacks on Iran, which resulted in the assassination of several senior political and military leaders early on, the Assembly of Experts in Iran elected Mojtaba Khamenei in a secret ballot as the new Supreme Leader of the Islamic Republic, succeeding his late father, Ali Khamenei. The latest assault marks the second time that Iran has been subjected to a joint US-Israeli attack in less than a year. The latest confrontation follows the collapse of a potential settlement that had emerged during negotiations held in February under the mediation of Oman. The United States raised the bar of its conditions for reaching a “deal”, demanding the dismantling of Iran’s nuclear programme according to a “zero enrichment” principle on Iranian soil, the removal of highly enriched uranium from the country, and the imposition of restrictions on Iran’s ballistic missile programme as well as an end to its support for regional allies.¹ Tehran viewed these conditions as an attempt to translate the outcome of the previous war into strategic concessions that would undermine the core of its security and defence doctrine. The ongoing conflict raises questions about how Tehran intends to manage sustained military pressure, as well as the possibility of another round of fighting in the future if the current bout does not produce a clear outcome. Much will depend on the scope of US demands and on Iran’s own conception of the regional security equation and of its nuclear and missile programmes.

The Descent into War

The current US–Israeli escalation against Iran represents, both operationally and politically, an advanced stage in a prolonged conflict that over the past two years has shifted from a proxy war to a direct confrontation.² The first spark was ignited after Israel targeted the Iranian consulate in Damascus on 1 April 2024, and the confrontation later erupted fully in the summer of 2025.³ Iran had long adopted a defensive doctrine based on avoiding direct confrontation with militarily superior adversaries, ever since the end of the Iran–Iraq War. Instead, it relied on “forward defence” through the support of a network of allies and proxies intended to deter any direct attack against it. However, the June 2025 war marked a turning point, as Iran faced its first direct military assault by Israel targeting elements of its nuclear programme, missile programme, and air defences. The attack also resulted in the assassination of prominent military and security leaders as well as nuclear scientists. Iran responded by launching waves of ballistic missiles and drones at Israel. The war ended after twelve days with a ceasefire imposed by the United States, which intervened on the final day by striking Iran’s nuclear programme and inflicting significant damage.

Following the end of the war, the United States sought to increase pressure on Iran in order to translate its military gains into a political agreement under which Tehran would agree to fully

1 “Trump and Netanyahu’s Iran Gambit: The Strategic Calculations behind Epic Fury”, Situation Assessment, Arab Center for Research and Policy Studies, 5/3/2026, accessed on 11/3/2026 at: <https://acr.ps/1L9B9PH>

2 “Israel’s War with Iran Moves out of the Shadows”, Situation Assessment, Arab Center for Research and Policy Studies, 17/6/2025, accessed on 11/3/2026, at: <https://acr.ps/1L9B9Tt>

3 “Considerations and Prospects in Iran’s Confrontation with Israel”, Situation Assessment, Arab Center for Research and Policy Studies, 18/4/2024, accessed on 11/3/2026, at: <https://acr.ps/1L9B9pa>

relinquish its right to enrich uranium. Washington demanded that Iran hand over more than 400 kilograms of uranium enriched to 60 percent, accept restrictions on the range of its ballistic missiles, and end support for its regional allies, in exchange for the gradual lifting of US economic sanctions related specifically to its nuclear programme. Washington attaches particular importance to Iran's stockpile of highly enriched uranium, based on findings by the International Atomic Energy Agency in a report presented to its Board of Governors (GOV/2025/24). According to the report, as of 17 May 2025 Iran's total stockpile of enriched uranium was estimated at approximately 9,247.6 kilograms. This included around 408.6 kilograms enriched to levels of up to 60 percent. The report also noted difficulties in verifying certain Iranian nuclear activities due to restrictions imposed on monitoring and inspection procedures.⁴

At the same time, while the United States was intensifying pressure on Tehran to return to the negotiating table and concede the demands it sought, Iran faced severe domestic pressures. A large wave of protests erupted between December 2025 and mid-January 2026, the largest in the country since 2022. Initially sparked by deteriorating economic conditions and the collapse of the national currency, the protests soon raised broader political demands. The government responded with repression and an information blackout, including an internet shutdown. These developments provided Washington with additional tools to pressure Tehran, which found itself squeezed between external and internal pressures.

Under these circumstances, Oman, Qatar, and Turkey attempted to reopen a diplomatic track aimed at preventing war, which ultimately ended in failure.⁵ In retrospect, the negotiations appear to have served largely as a smokescreen as the US and Israel completed preparations for war without raising suspicions in Tehran.

Iranian Calculations with the Outbreak of War

Washington launched the war with a “decapitation” strike, killing the Supreme Leader, Ali Khamenei, along with a number of senior political and military leaders. This pattern of targeting suggests that the political objective of the operation was not merely to inflict military losses on Iran, but to deliver a direct blow to the regime's centre of decision-making, thereby paralysing its ability to act and forcing it into surrender under the shock of the attack.⁶ In this context, three interrelated priorities emerged for the Iranian leadership. The first was to ensure the continuity of state institutions and prevent the erosion of the leadership's image following the loss of the political regime's highest authority. The Iranian leadership appeared to act according to a pre-prepared scenario for dealing with such a contingency. Tehran quickly established a temporary leadership council in accordance with Article

⁴ “Verification and Monitoring in the Islamic Republic of Iran in Light of United Nations Security Council Resolution 2231 (2015),” *Report by the Director General*, International Atomic Energy Agency, 31/5/2025, accessed on 8/3/2026, at: <https://acr.ps/1L9Baif>

⁵ “Iran Protests Stir International Convergences and Conflicting Interests” Situation Assessment, Arab Center for Research and Policy Studies, 20/1/2026, accessed on 11/3/2026, at: <https://acr.ps/1L9Bah4>

⁶ “Read Trump's Full Statement on Iran Attacks,” *PBS*, 28/2/2026, accessed on 8/3/2026, at: <https://acr.ps/1L9BaeB>

111 of the constitution, comprising the heads of the executive and judicial branches together with a member of the Guardian Council.⁷ This step was designed to prevent a leadership vacuum and ensure the continued functioning of state institutions.

The second priority was to mount a rapid and multi-front military response aimed at preventing the adversary's initial military advantage from being translated into a decisive political outcome – in other words, to prevent the first strike from producing a condition of immediate strategic resolution. Meanwhile, the third priority centred on managing the escalation in a way that would ramp up the cost of confrontation for Iran's adversaries without sliding into a broad regional war that could provoke an international alignment against Tehran.

This framework helps explain the dual nature of Iran's messaging during the first days of the war. On the one hand, official statements emphasized the desire to avoid widening the conflict and included reassurances to neighbouring states that Iran would not target them unless their territories or airspace were used to launch attacks against it.⁸ On the other hand, Iranian operational statements stressed that its response was directed at the sources of the attacks against it and at the deployment sites of United States forces and interests in the region, while accusing Israel of attempting to push the region toward broader escalation.

Available evidence suggests that Tehran sought to expand the scope of the confrontation by gradually extending it across three principal arenas that differ in cost and escalation. The first arena involves Israel and US bases; the second extends to the Arab Gulf states and their vital infrastructure; and the third concerns maritime routes and energy transport corridors in the Strait of Hormuz. This graduated approach reflects an Iranian attempt to increase the costs of the war for its adversaries and broaden its geographical and political scope without crossing the threshold into uncontrolled escalation.

The first arena demonstrates the capacity to retaliate both domestically and internationally. In this context, Iran's response took the form of ballistic missile launches and drone strikes targeting sites inside Israel and US military bases. This can be understood as an effort to show not only that the opening strike of the war failed to paralyse Iran or force it into submission, but also that the cost of that strike would be high for its adversaries. It also aimed to demonstrate Iran's ability to open multiple fronts simultaneously, thereby increasing the cost of confrontation for the United States and its regional allies.

The second arena targets economically vital facilities in the Arab Gulf states. The attacks also struck civilian and service infrastructure, with the aim of raising the cost of the war for these states and encouraging them to pressure Washington to halt the conflict – based on the logic that no state in

7 John Hudson and Warren P. Strobel, "Intel Report Warns Large-Scale War 'Unlikely' to Oust Iran's Regime," *The Washington Post*, 7/3/2026, accessed on 8/3/2026, at: <https://acr.ps/1L9Ba9B>

8 "Iran's president apologizes for strikes on neighbors as missiles and drones still pound their cities," *Associated Press*, 7/3/2026, accessed on 11/3/2026, at: <https://acr.ps/1L9B9HQ>

the region should enjoy security so long as Iran itself does not.⁹ In this framework, the strikes against Gulf states can be interpreted through two interconnected political logics. The first was to send a deterrent message to neighbouring states that allowing their territory or military bases to serve as platforms for operations against Iran would not come without cost. The second was to expand the circle of economic actors harmed by the war, thereby generating political and economic pressure on Washington to lower its political demands.

The third arena concerns maritime security and energy exports, particularly in the Strait of Hormuz, one of the world's most critical energy transit corridors. Officially, Tehran sought to deny that it had closed the strait. Iran's deputy foreign minister, Saeed Khatibzadeh, stated that Iran had not taken such a step and was acting as a "responsible power," adding that Tehran would openly declare if it decided to take such a measure.¹⁰ However, developments on the ground suggest that the absence of a formal closure does not prevent the strait from being effectively disrupted due to security risks and potential attacks – particularly as insurance companies may refuse to insure vessels passing through the strait or raise premiums beyond levels that oil companies can afford. A tanker was reportedly targeted while attempting to transit the strait, and at least 150 oil and gas tankers have dropped anchor according to vessel-tracking data.¹¹ Under such circumstances, economic pressure tools related to energy and maritime transport become an additional factor reinforcing conventional military instruments. Rising insurance premiums, shipping costs, and the risk of supply shortages exert direct pressure on global energy markets. This was quickly reflected in rising oil prices, which reached \$120 per barrel on 8 March before falling back to around \$90 amid concerns about inflationary repercussions for the global economy.¹²

Nevertheless, this does not mean that Iran possesses unlimited room for escalation. The targeting of sensitive civilian facilities – such as water desalination plants in Bahrain – raises the possibility that the conflict could enter a phase of attacks on daily infrastructure. Such a development could push regional states toward more forceful responses and increase the risk of the confrontation sliding into a broader regional war. For this reason, Iranian behaviour at this stage can be interpreted as a pressure ladder that can be raised or lowered depending on the course of the war and political interactions, rather than as a strategy of unlimited escalation or comprehensive destruction.

What Options Are Left for Iran?

There is little doubt that Iran is the party most directly concerned with ending the war. Yet there are no indications that it is prepared to surrender under US–Israeli pressure. The only viable path

9 "The Gulf in the Line of Fire: The Calculations and Contradictions of Iranian Strategy", Situation Assessment, Arab Center for Research and Policy Studies, 9/3/2026, accessed on 11/3/2026, at:<https://acr.ps/1L9B9GC>

10 "Iran responsible power, Strait of Hormuz not shut: Deputy Foreign Minister Saeed Khatibzadeh," *The Economic Times*, 7/3/2026, accessed on 8/3/2026, at:<https://acr.ps/1L9B9vT>

11 "Hundreds of ships drop anchor in Middle East Gulf, data shows", *Reuters*, 1/3/2026, accessed on 11/3/2026 at:<https://acr.ps/1L9B9S1>

12 "Iran War Pushes Oil Price above \$90, Threatening Rise in Global Inflation," *The Guardian*, 6/3/2026, accessed on 8/3/2026, at:<https://acr.ps/1L9B9RI>

therefore lies in restoring a political track with the existing regime in Iran. Until Washington reaches this conclusion, the new Iranian leadership will face major challenges related to sustaining resilience and continuing the fight. As military operations against Iran and Iranian responses continue, the trajectory of the confrontation remains open to several possibilities. The difficulty of accurately verifying developments on the ground inside Iran means that assessing future directions relies primarily on analysing the military and political behaviour of the actors involved. The possible scenarios can broadly be summarized in four main scenarios.

The first scenario is the continuation of a war of mutual attrition within a high but controlled ceiling of escalation. In such a scenario, the level of attacks in the Gulf would fluctuate, while the Strait of Hormuz would remain effectively disrupted without an official declaration of closure. This option allows Iran to use the strait as a pressure tool while avoiding the costs of a full closure – particularly as mediation efforts led by Oman continue, alongside international calls to return to negotiations. Such efforts could bear fruit once the United States reaches the conclusion that the regime cannot be overthrown through aerial bombardment alone.

The second scenario involves a regional expansion of the war if attacks targeting energy, water, and port infrastructure in the Gulf evolve into a systematic pattern, or if Gulf states become directly involved in counter-operations. This is reflected in the statement issued by the Gulf Cooperation Council, which indicated the right to respond to Iranian attacks and highlighted growing concerns regarding energy security and maritime safety. At present, however, this scenario appears unlikely.

The third scenario would see the emergence of a fragile de-escalation or ceasefire without a stable political settlement. Such an outcome would be imposed less by a genuine political agreement than by the mounting economic costs of the war – such as rising oil prices and disruptions to maritime shipping. This situation could reopen the negotiating track with support from the United Nations.

The fourth scenario concerns increasing pressure on the centre of decision-making within Iran, potentially widening divisions between political and military elites over how to manage the crisis. This possibility was hinted at in statements by the Iranian president, Masoud Pezeshkian, regarding the attacks on Gulf states and the responses of military institutions. Ultimately, the trajectory of the conflict will depend on the ability of the parties to contain escalation, the scale of the economic, military, and political costs of the war for each of them, and the effectiveness of diplomatic mediation efforts aimed at bringing the conflict to an end.