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The Strategic Threat from Iranian Hybrid Warfare in the Gulf

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The threat of war with Iran may seem distant to many in American and Europe, but its strategic implications became all too clear only hours after two freshly loaded tankers – the *Frontline* and the *Kokuka Courageous* – were attacked in the Gulf of Oman on June 12, 2019 – just outside the "Persian" or "Arab" Gulf. These attacks came less than a month after four previous attacks on tankers near a port in the UAE, and after months of rising tensions over Iran's nuclear programs, the war in Yemen, and the growing arms race in the region.

The fear of further attacks, and interruption in the continued export of petroleum sudden raised the global price of crude oil by 4% – a global price rise that everyone in the world must pay – including Americans – regardless of the fact the U.S. is no longer a major petroleum importer.

The reasons why such incidents can lead to immediate price rises, as well as growing concerns over far more serious patterns of conflict are simple. First, the military confrontation between Iran, the U.S., and the Arab Gulf states over everything from the JCPOA to Yemen can easily escalate to hybrid warfare that has far more serious forms of attack. And second, such attacks can impact critical aspects of the flow of energy to key industrial states and exporters that shape the success of the global economy as well as the economy of the U.S.

The Threat of Hybrid Warfare

Iran can use its naval, air, and/or missile forces and proxies to attack ships anywhere in the Gulf, around the Strait of Hormuz, in the Gulf of Oman outside the Gulf, and in Indian Ocean waters near the Strait of Hormuz. It has long threatened to "close the Gulf" at the Strait of Hormuz, but its military exercises involve dispersing its naval of Revolutionary Guard forces broadly in the Gulf and near it.

Iran also does not have to launch a major war. It can conduct sporadic, low-level attacks that do not necessarily provoke a major U.S. or Arab reaction, but create sudden risk premiums in petroleum prices and the equivalent of a war of attrition. Tankers are inherently vulnerable to relatively small anti-ship missiles and UCAVs, and attacks by submersibles and radio-controlled small craft filled with high explosives. Iran can plant "smart" mines in the bottom of tanker routes that can detect large tankers and home in on them, and be set to arm at widely space intervals.

These methods of "hybrid" attack can be carried by individual ships and dhows that are not part of Iran's armed forces, that do not have Iranian flags or operators wearing Iranian uniforms, and that cannot be directly tied to actions by the Iranian government. They can be operated by proxies like the Houthis or "false flag" groups made up for the occasion, and the Islamic Republic of Iran Navy (IRIN) and Islamic Revolution Guards Corps Navy (IRGCN) have established a growing presence in the Gulf of Oman based at Chabahar – to "prevent smuggling" – and in the Gulf of Aden and near Yemen to "deal with Somali pirates."

Its growing role in the Gulf of Oman includes basing for its Kilo submarines to reduce U.S. ability to track and cover their movements, and IHS Janes reports that Iran plans to establish three new bases on its Makran Coast on in the Gulf of Oman – one of which at near Pasabandar (close to the Pakistani border) was completed in February 2017.

At the same time, outside extremist groups like ISIS can also carry out such attacks – potentially dragging Iran, the U.S., and Arab states into some form of clash or war. No one cans safely assume that Iran is the cause in the absence of reliable intelligence or evidence. Even "implausible" Iranian denial can limit the military response of other states, particularly since virtually any such response risks triggering a far more serious conflict and an even more serious reduction in the flow of Gulf oil.

The Threat to the Global and U.S. Economy

Petroleum is a global commodity, and any serious risk or reduction in the supply affects prices everywhere in the world. The Arabian Peninsula and the Gulf are critical sources of exports, and some 60-million barrels of oil, plus product and natural gas, move out of the Gulf by sea every day.

While the volume of the Gulf petroleum exports varies over time, the U.S. government's Energy Information Agency's estimates note that the volume has risen by about 9% in the half-decade between 2011 and 2016, and that,

> The **Strait of Hormuz** is the world's most important chokepoint, with an oil flow of 18.5 million b/d in 2016. The Strait of Hormuz connects the Persian Gulf with the Gulf of Oman and the Arabian Sea, and in 2015 its daily flow of oil accounted for 30% of all seaborne-traded crude oil and other liquids. More than 30% of global liquefied natural gas trade also transited the Strait of Hormuz in 2016. At its narrowest point, the Strait of Hormuz is 21 miles wide, but the width of the shipping lane in either direction is only two miles wide, separated by a two-mile buffer zone.
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> There are limited options to bypass the Strait of Hormuz. Only Saudi Arabia and the United Arab Emirates have pipelines that can ship crude oil outside of the Persian Gulf and have additional pipeline capacity to circumvent the Strait of Hormuz. At the end of 2016, the total available crude oil pipeline capacity from the two countries combined was estimated at 6.6 million b/d, while the two countries combined had roughly 3.9 million b/d of unused bypass capacity.

The only options to this traffic by sea are a limited pipeline through Iraq to a port in Turkey that offers little real-world surplus capacity. There is another comparatively small Abu Dhabi Crude Oil Pipeline that can more 1.5 million barrels per day (MMBD) of crude to a point on the Indian Ocean Coast of the UAE where tanker loadings are almost as vulnerable as those in the Gulf.

And finally, these is a bigger 4.8 MMBD *Petroline (East-West Pipeline)* through Saudi Arabia from Abqiaq near the Gulf to a port at Yanbu on the Red Sea. This pipeline has had less than 2.9 MMBD in surplus capacity in recent years. Even in a best case, this amounts to less than 20% of the petroleum that now flows daily out of the Gulf. In practice, however, Saudi Arabia already had to shut this pipeline down after an attack in mid-May 2019 when the Saudi Press Agency reported that it suffered limited damage from armed drones and a "terrorist and sabotage act."

The civil war in Yemen has given Iran considerable influence over the Houthi, and a growing potential to uses missiles, mines, or unattributable smaller boasts and ships to attack targets going south out of the Red Sea through the Bab el-Mandeb or North through the Suez Canal or Sumed Pipeline.

Here, the EIA reports that,

> The **Bab el-Mandeb Strait** is a chokepoint between the Horn of Africa and the Middle East and is a strategic link between the Mediterranean Sea and the Indian Ocean. Located between Yemen, Djibouti, and Eritrea, it connects the Red Sea with the Gulf of Aden and the Arabian Sea. Most exports from the Persian Gulf that transit the Suez Canal and the SUMED Pipeline also pass through Bab el-Mandeb.

An estimated 4.8 million b/d of crude oil and refined petroleum products flowed through this waterway in 2016 toward Europe, the United States, and Asia, an increase from 3.3 million b/d in 2011. The Bab el-Mandeb Strait is 18 miles wide at its narrowest point, limiting tanker traffic to two 2-mile-wide channels for inbound and outbound shipments. Closure of the Bab el-Mandeb could keep tankers originating in the Persian Gulf from reaching the Suez Canal or the SUMED Pipeline.

The **Suez Canal and the SUMED Pipeline** are strategic routes for Persian Gulf oil and natural gas shipments to Europe and North America. Located in Egypt, the Suez Canal connects the Red Sea and the Gulf of Suez with the Mediterranean Sea. In 2016, 3.9 million b/d of crude oil and refined products transited the Suez Canal in both directions, according to data published by the Suez Canal Authority. Northbound flows rose by about 300,000 b/d in 2016, largely because of increased crude oil exports from Iraq and Saudi Arabia to Europe. Southbound shipments decreased for the first time since at least 2009, largely because of lower exports of petroleum products from Russia to Asia.

The 200-mile long SUMED Pipeline transports crude oil through Egypt from the Red Sea to the Mediterranean Sea. Crude oil flows through two parallel 42-inch pipelines that have a total capacity of 2.34 million b/d. The SUMED Pipeline is the only alternate route to transport crude oil from the Red Sea to the Mediterranean Sea if ships cannot navigate through the Suez Canal.

Closure of the Suez Canal and the SUMED Pipeline would require oil tankers to divert around the Cape of Good Hope near the southern tip of Africa, which would add approximately 2,700 miles to the transit from Saudi Arabia to the United States. In 2016, 1.6 million b/d of crude oil was transported through the SUMED Pipeline to the Mediterranean Sea and then loaded onto tankers for seaborne trade.

The Threat to the U.S. Economy; Why "Petroleum Independence" Is a Myth

The U.S. has recently been a *net* importer of well under than two million barrels a day (MMBD) of petroleum, and less than 20% of its total imports have come from the Gulf. However, the U.S. pays global price for petroleum, and any crisis in supply increases U.S. prices just as much as in any other country in the world.

What is more important to the global and U.S. economy as a whole, however, is that Gulf petroleum exports move by sea to other critical developed and industrial economies – especially in Asia. These importing states include key "top 15" exporters to the U.S. like China, Japan, South Korea, Taiwan and Vietnam. Their exports to the U.S. now affect a much larger part of the U.S. economy than was the case with petroleum imports even when the U.S. was most dependent on direct U.S. petroleum imports.

The latest CIA and US Census Bureau date indicate that that Asian countries alone normally provide some 28% to 30% of current U.S. imports – largely in the form of manufactured goods – and that they have a value that amounts to some 4-5% of the U.S. GDP. Seen from this perspective, U.S. energy "independence" is little more than an economic myth.

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