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PolicyWatch 3194

Responding to the Saudi Oil Attack: A Challenge for U.S. Policy

by [Suzanne Maloney](#), [Norman Roule](#), [Michael Singh](#)

Oct 1, 2019

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Brief Analysis

Three experts discuss Washington's potential reaction, which will have powerful implications not only in the Gulf states, but everywhere that America and its allies face off against Iran and its proxies, from Iraq to Lebanon to Gaza.

On September 27, Suzanne Maloney, Norman Roule, and Michael Singh addressed a Policy Forum at The Washington Institute. Maloney is deputy director of the Foreign Policy Program at the Brookings Institution. Roule, a veteran of the CIA, is a senior advisor to the Counter Extremism Project and United Against Nuclear Iran. Singh is the Institute's Lane-Swig Senior Fellow and managing director. The following is a rapporteur's summary of their

remarks.

SUZANNE MALONEY

Iran's actions in the past four months are the predictable consequences of the Trump administration's maximum pressure policy. When the president exited the Joint Comprehensive Plan of Action (JCPOA) in May 2018, many observers made cataclysmic predictions about Iran's likely reaction. In the year following that decision, the regime chose to act with relative restraint, reflecting its desire to see how the U.S. pressure campaign would play out, how Europe would respond to it, and whether businesses would comply with unilateral sanctions.

Tehran soon discovered that the pressure policy was incredibly effective, despite the lack of support from U.S. allies. It had an immediate impact on the country's economy, which ordinary Iranians felt much more sharply than they had with previous sanctions. Financial restraints have even made it difficult for them to access food and medical supplies, items that are exempt from U.S. sanctions.

Upon concluding that it could not withstand an indefinite application of maximum pressure, the regime felt a need to change the Trump administration's calculus and inject a sense of urgency around this issue for the broader international community. To do so, it turned to a tactic that has served it well in the past: when you are hit, punch back harder.

The resultant escalation has paid off for Tehran. The international community has been much more receptive to Iranian officials seeking to relieve the country's financial problems. And while the European parties to the JCPOA agree that Tehran's actions are completely unacceptable, they are now more vocal about holding the United States responsible for providing redress. They have also made ample gestures of their own—following the initial attacks on Gulf targets, for example, France pledged a \$15 billion credit line to Tehran, and the German chancellor met with President Hassan Rouhani, conferring legitimacy on the regime.

What Iran wants is continued access to the international financial system. It will likely continue on its escalatory path until it gets what it wants, constantly changing its playbook in the process. One week it will attack on an oil tanker; the next it will violate the JCPOA by installing higher-efficiency centrifuges; and so on. These changing tactics will complicate Washington's efforts to respond.

For now, the United States has clearly lost whatever deterrent impact it had on Iran, and this will continue to be the case until it decides to impose costs for Tehran's latest actions. Financial vehicles have been very effective in squeezing the Iranian economy, but they have not yet demonstrated they can change the regime's calculus. To do that, Washington needs to implement a host of measures through a comprehensive diplomatic framework that outlines the administration's vision for Iran's political future.

NORMAN ROULE

U.S. and regional responses have been measured so far, and fairly predictable. Like Washington, the Saudis, Emiratis, Kuwaitis, and Bahrainis have no interest in a conflict with Iran at the moment, since none of them can predict what might follow a punitive strike on Iran.

In many ways, President Trump has echoed the policies of Presidents Obama and Bush by providing defensive weapons to U.S. allies, avoiding a conflict, and trying to bring reluctant partners together in a coalition. Europe is an important partner in many ways, but it is not always a relevant partner. It cannot stop U.S. sanctions or U.S. actions, and it continues to sing a one-note song: return to the JCPOA. Its ability to exert pressure on Tehran only goes as far as its desire to jumpstart the JCPOA and resolve Iranian financial troubles.

Although most allies are fairly comfortable with Washington's muted response, they nevertheless worry about further escalation. Certainly there are some who are disappointed by the lack of a U.S. strike, but they are not the

ones who would have to deal with the consequences.

Hence, regional players have all adopted cautious and calculating approaches, even Iran. Despite its provocations, the regime does not want a conflict at a time when it is dealing with enormous fragility at home and looming leadership transition. Thus, the chances of a strike on Iran triggering all-out war are highly unlikely, notwithstanding alarmist concerns to the contrary.

Tehran also knows that the United States cannot defend all of its vulnerabilities at once. Accordingly, the regime or its proxies may conduct a series of short, sharp attacks meant to raise oil and commodity prices, thereby forcing international actors to pressure the Trump administration into diluting U.S. sanctions.

Amid all the criticism, the Trump administration has been largely consistent in its policy—namely, refusing to lift sanctions until Tehran changes its behavior. The greatest challenge in carrying out its policy is the lack of a bipartisan approach to Iran. The administration also faces unprecedented disagreement on how much support the United States should provide to Saudi Arabia. Meanwhile, some of the traditional drivers of U.S. policy in the Middle East have changed, moving beyond just energy needs.

The greatest victim in the current situation is U.S. deterrence. No one doubts that Iran is responsible for a long list of international violations, yet everyone has seen the regime carry on without paying a price. Rogue actors around the world are surely absorbing this lesson.

If negotiations with Iran do come to pass, U.S. policymakers should keep in mind that whatever they give up will ultimately come at the expense of those who live in the region. The most important question then becomes: what is Iran willing to give up?

MICHAEL SINGH

Iran has several reasons for mounting such a significant attack on Saudi Arabia. The first is oil prices—as Iranian oil exports decrease under sanctions, any increase in global prices helps the regime's bottom line. To effect a lasting price surge, however, it would probably need to launch a number of consecutive attacks. This has not been the case so far.

Second, Tehran has long vowed that if it cannot export oil, then neither will its neighbors, so the attacks are a way to make good on this threat. In particular, the regime wants Saudi Arabia to pay a price for helping the United States curb Iranian exports.

Third, Iran is trying to decouple America from its allies and eventually push it out of the region completely. Throughout Tehran's recent bout of escalation, U.S. officials have largely dismissed the idea that the United States still has vital interests in the Gulf. Some have even begun implicitly asking why America should defend Saudi Arabia. Such questions are being raised on both sides of the political aisle, among the American public, and even among prominent U.S. allies—perhaps a more valuable prize to Iran than anything else.

Fourth, the regime longs to change the rules of the game in its favor through nuclear escalation. Tehran is well aware that sanctions do not always work, and when they do, they take time. As it saw in the lead-up to the JCPOA, however, a nuclear crisis can escalate very quickly, since the international community is far more worried about Iran's nuclear program than, say, its support for terrorism. The regime is therefore trying to take control of that timeline through escalation on other fronts, even as it continues to **test and break the JCPOA's boundaries**.

Fifth, Iran has greater risk tolerance in the Middle East than the United States does, and a greater commitment to shaping regional affairs, at least over the past decade. It therefore seems to believe that pushing against U.S. interests in the Gulf, Iraq, and elsewhere is a successful strategy.

Moving forward, Iran will no doubt continue its practice of mounting one type of attack, waiting for a U.S. response

aimed at addressing that specific threat, then trying to catch Washington off guard by attacking a completely different target in a different way. The United States should recognize this approach and stop being purely reactive, forcing Tehran to react to American actions instead. This means expanding the maximum pressure campaign from the too-limited domain of sanctions to other areas, including **covert military action** and **diplomatic pressure**. Iran's choice and frequency of attacks demand deterrence, and Washington must be willing to meet the regime's kinetic activities with a kinetic response.

This summary was prepared by Deniz Yuksel. The Policy Forum series is made possible through the generosity of the Florence and Robert Kaufman Family. ❖



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