

# Operating in the ‘Gray Zone’ to Counter Iran

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## ABOUT THE AUTHORS



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Brief Analysis

**The best way to counter Iran’s asymmetric strategy in Saudi Arabia and elsewhere is a U.S. gray zone strategy, which can help manage escalation and buy time for the administration’s pressure policy to work.**

The combined drone/cruise missile strike against key Saudi oil facilities on September 14 marks the most audacious in a series of Iranian asymmetric “gray zone” operations since May, all intended to counter Washington’s “maximum pressure” policy. These operations can be expected to continue as long as the United States focuses on driving Iranian oil exports to zero; for this reason, President Trump’s decision to double-down on sanctions after the strike will likely exacerbate matters. At the same time, if Washington does not impose a military cost on Tehran for such actions, the regime will continue to escalate, with negative repercussions for the U.S. economy, American credibility, and regional stability. Understanding Tehran’s gray zone strategy, and learning how to operate in the gray zone against Iran, is therefore necessary if further escalation is to be avoided.

## IRAN’S GRAY ZONE ACTIVITIES

Countries like Iran, Russia, and China often operate in the gray zone between war and peace in order to challenge the status quo while managing risk. They create ambiguity regarding objectives (through incremental action) and attribution (through deniable covert, or proxy activities), thereby creating uncertainty about how to respond. The proliferation of gray zone conflicts worldwide is partly a result of America’s adherence to a binary conception of war and peace. Grounded in Western cultural and legal traditions, this dualism enables actors like Iran to operate with relative impunity “in between.”

Tehran’s gray zone strategy is partly rooted in the trauma of the Iran-Iraq War. Since then, the regime has gone to great lengths to avoid conventional wars because it knows how bloody and costly they can be. For example, even at

the height of the Syria war, it deployed less than 1 percent of its ground forces to the battlefield and offloaded many of the risks and burdens onto its Shia “foreign legion” in order to minimize its own losses.

This is why Iran probes and tests limits, then backs down if it encounters a firm response—though only temporarily. It uses indirect means (e.g., damaging ships with mines) and foreign proxies (e.g., Hezbollah) to create standoff and deniability while avoiding decisive engagement. It emphasizes proportional responses to make interactions more predictable. It paces its operations to control their tempo and flow so that events do not spin out of control. And it often protracts conflicts to exploit the motivational asymmetries that give it an edge in prolonged struggles. Tehran’s reliance on nonlethal approaches in recent gray zone activities is further evidence that risk management remains a priority. Escalation is still possible, but full-scale war seems highly unlikely—unless the United States opts for it.

## AN AMERICAN GRAY ZONE STRATEGY

**P**ursuing a gray zone strategy of its own represents Washington’s best chance of avoiding significant escalation while buying time for its pressure campaign to work. U.S. policymakers need to abandon the notion that Tehran has a high tolerance for risks and costs, and that the path from local clash to regional war is a short one. (Though that could change if Washington pushes Iran further into a corner with intensified oil sanctions, which the regime views as a potential threat to its hold on power.) They also need to abandon certain ingrained habits of thought and action that are central to the American way of war but inimical to success in the gray zone, such as a preference for overwhelming force and rapid, decisive action.

What would an American gray zone strategy look like? The following elements are essential:

**Bolster credibility and deterrence.** Forty years of experience has taught Tehran that it can conduct gray zone activities (including lethal operations) against American interests without risking a U.S. military response. Lacking credibility, Washington has frequently failed to deter the regime. Bolstering U.S. deterrence is therefore central to defusing Tehran’s counter-pressure campaign. This means responding to Iran’s probes and provocations in the region in order to show that Washington is now more acceptant of risk than in the past. It also means not crossing Tehran’s redlines, as intensified efforts to drive the country’s oil exports to zero will likely spur even more forceful responses.

**Employ covert/deniable action.** Plausible deniability works both ways. The United States should respond in-kind to Iranian actions, using nonlethal ripostes to impose material costs. It should not conduct lethal operations unless American blood has been shed. In addition to its intrinsic benefits, covert action is much less likely to unnerve Americans and allies who fear the administration seeks war with Iran. Just as the Abqaiq strike demonstrated the vulnerability of Saudi oil facilities (<https://www.washingtoninstitute.org/policy-analysis/view/a-credibility-test-for-u.s.-saudi-defense-relations-and-iran-deterrence>), Iran’s own oil industry is vulnerable to sabotage, cyberattacks, and precision strikes that could threaten its current export flow of several hundred thousand barrels per day. Around 90 percent of these exports go through a single oil terminal, Kharg Island. Fires and accidents are not uncommon at petrochemical facilities even under normal circumstances, so a well-executed covert operation at Kharg could be both plausibly denied and quite costly to Iran. This possibility should give the regime pause.

**Balance restraint and proportionality.** Undue restraint can increase escalation risks by inviting new challenges. Conversely, abandoning restraint and opting for escalation can unnecessarily increase U.S. risks while engendering domestic and foreign opposition to further action. To avoid each of these scenarios, Washington should respond proportionally to Iranian actions, just as Tehran does when confronted with threats, while ensuring that it targets assets the regime truly values.

**Increase uncertainty, impose costs.** In responding to challenges, Washington often acts predictably, making it easier for opponents to assess the risks and limit the costs of testing the United States. Instead, it should respond

unpredictably by not limiting itself to targeting assets involved in a given provocation. And it should ensure that Tehran gets worse than it gives in these exchanges. Doing so may induce the regime to act with greater caution.

**Alter incentive structures.** A hostile regime fighting for its survival will always be more willing to take risks than a U.S. administration merely pursuing the national interest. Thus, it is critical to avoid cornering Tehran. This may mean tolerating a degree of leakage in U.S. oil sanctions, thereby reducing Iran's incentive to engage in destabilizing activities. Such a sanctions policy would complement rather than undermine efforts to manage escalation. The president's decision to further strengthen sanctions after the strike on Saudi Arabia will likely complicate this task.

**Go long, not big.** In gray zone competitions, advantage is often achieved by incremental, cumulative gains rather than rapid, decisive action. Washington should therefore resist the desire to escalate in order to achieve quick results. Yet these tenets may clash with President Trump's desire to forge a new agreement with Iran before the end of his term. That is, it may not be possible to square his high-pressure approach to catalyzing negotiations with his desire to avoid escalation. In fact, doubling down on the pressure campaign might escalate the situation *and* scuttle any prospect for negotiations.

**Broaden gray zone options.** To further limit the potential for escalation, the United States should develop novel operational approaches using electronic warfare, offensive cyber weapons, and unmanned vehicles. It should also consider the pros and cons of expanding its geographic arena of action.

**Act on multiple fronts.** Tehran generally eschews escalation on two or more fronts simultaneously; when under pressure on one front, it tends to back off on another. Accordingly, the United States should work with regional partners like Israel—which is already striking Iranian targets abroad—and Saudi Arabia to pressure Tehran from multiple directions.

## CONCLUSION

**A**n effective U.S. gray zone strategy could help blunt Iran's counter-pressure campaign, constrain its ability to engage in destabilizing regional activities, and dissuade it from eventually attempting a slow-motion nuclear breakout (<https://www.washingtoninstitute.org/policy-analysis/view/moving-the-goal-posts-irans-uranium-enrichment-program>). Conversely, failure to pursue such a strategy could embolden Tehran on all of these fronts. More fundamentally, if the United States does not operate successfully in the gray zone against a third-tier power like Iran, this will raise questions about its ability to counter much more capable actors like Russia and China in the years to come.

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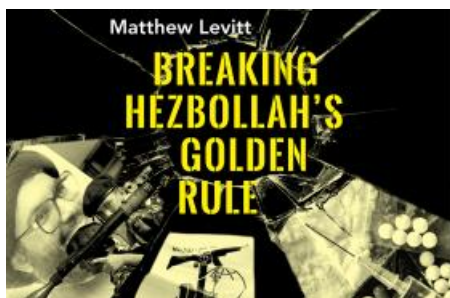
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