

Countering Iran's Latest "Smart Control" Gambit in the Strait of Hormuz

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Brief Analysis

Tehran is hoping that its Persian Gulf Strait Authority will establish “facts on the ground” and give it leverage at the negotiating table, so Washington and its partners need to respond right away with a suite of military, economic, and diplomatic countermeasures.

Amid the past week of military exchanges between Iran and the United States, both sides are also competing to impose their authority over commercial shipping through the Strait of Hormuz. On May 29, U.S. Naval Forces Central Command issued (<https://www.ukmto.org/-/media/ukmto/products/jmic-advisory-note-005-26.pdf>) a direct advisory to mariners stating that military operations would soon be conducted north of Oman's Musandam Peninsula, warning that any vessel suspected of involvement in minelaying activity would be subject to attack or other measures. The notice also pointedly instructed them to coordinate their transits with U.S. naval authorities rather than any Iranian permit scheme. In doing so, NAVCENT directly challenged Tehran's attempt to impose its own control system, the Persian Gulf Strait Authority (PGSA), essentially elevating Washington's diplomatic rejection of that scheme into the beginnings of a concrete plan for enforcing freedom of navigation. Yet more action on multiple fronts will be needed to ensure that the PGSA's utility as a tool of interference and coercion expires before it can do more damage.

Domestic Drivers, Foreign Responses

Anounced four weeks ago and formalized on May 20, the PGSA seeks to impose restrictions and tolls on every vessel that enters a roughly 22,000-square-kilometer “supervisory zone.” The eastern boundary of this zone extends from Iran's Mount Mobarak to just south of Fujairah in the United Arab Emirates, while its western boundary stretches from the end of Qeshm Island to Umm al-Quwain. Iran has ordered vessels to coordinate their transit with the PGSA in advance, obtain permits, submit to inspections for “security” and “environmental compliance,” provide

financial guarantees, pay “insurance” fees via the “Hormuz Safe” cryptocurrency platform established by Iran’s Ministry of Economic Affairs and Finance, and follow alternative routes north and south of Larak Island (justified as mine-avoidance corridors).

The PGSA is the most ambitious evolution of Tehran’s decade-long “smart control” concept, which previously entailed selective disruption, inspections, and denial of “belligerent” vessels while stopping short of outright closure of the strait. The new authority also builds directly on prewar naval drills held by the Islamic Revolutionary Guard Corps (IRGC) under the title “Smart Control of the Strait of Hormuz,” as well as a parliamentary **draft bill** (<https://www.khabaronline.ir/news/2200750/%D8%AC%D8%B2%D8%A6%DB%8C%D8%A7%D8%AA-%D8%B7%D8%B1%D8%AD-%D9%85%D8%AC%D9%84%D8%B3-%D8%A8%D8%B1%D8%A7%DB%8C-%D9%85%D8%AF%DB%8C%D8%B1%DB%8C%D8%AA-%D8%AA%D9%86%DA%AF%D9%87-%D9%87%D8%B1%D9%85%D8%B2-%D9%85%D8%AA%D9%86-%DA%A9%D8%A7%D9%85%D9%84-%D8%A7%D8%B2-%D8%B9%D9%88%D8%A7%D8%B1%D8%B6-%D8%AF%DB%8C%D8%AC%DB%8C%D8%AA%D8%A7%D9%84>) advanced by **hardline legislators** (<https://irna.ir/xjX7p6>) in April.

Domestically, the regime likely intends the PGSA to serve as a rallying cry amid mounting economic pain and political uncertainty. Internationally, the scheme coincides with intensifying U.S.-Iran negotiations on a potential memorandum of understanding aimed at breaking the deadlock by reopening the strait and easing the U.S. naval blockade on Iranian ports. By asserting oversight deep into Emirati waters and floating joint Iranian-Omani protocols for “management” of the waterway, Tehran aims to lock in facts on the ground, extract concessions, and normalize its veto power over global energy flows before any deal solidifies.

Initial responses to the scheme have been swift and negative. The UAE immediately rejected the zone as a blatant violation of its sovereignty; it also partnered with Bahrain, Kuwait, Qatar, and Saudi Arabia to issue joint warnings via the International Maritime Organization (IMO) urging commercial operators not to comply.

In Washington, the Treasury Department **designated** (<https://home.treasury.gov/news/press-releases/sb0507>) the PGSA on May 27 as an IRGC-linked extortion scheme, exposing any banks, insurers, or other entities to secondary sanctions if they cooperate with the plan. This designation built on a May 1 **Treasury alert** (<https://ofac.treasury.gov/media/935556/download?inline>) warning operators that they risk sanctions if they comply with Iranian demands for toll payments (whether in fiat currency, digital assets, or in-kind “donations”), or even if they provide sensitive vessel information in exchange for passage.

Meanwhile, Iran has upped its military provocations over the past week, including minelaying attempts on May 25, attacks on international shipping near Omani and Iraqi waters on May 26 and June 1, and IRGC missile and drone attacks on May 27 and 31. These actions prompted U.S. strikes on IRGC infrastructure in Bandar Abbas, Sirik, and Qeshm; in response, Iran launched missiles at a U.S. base in Kuwait.

No Legal Basis

Tehran has repeatedly asserted that the PGSA is a legitimate legal mechanism for managing the strait, but these claims have no basis in international law. Under **Articles 37-38 and 44**

(https://www.un.org/depts/los/convention_agreements/texts/unclos/part3.htm) of the UN Convention on the Law of the Sea (UNCLOS), Hormuz qualifies as an international strait through which transit may not be impeded or suspended even in wartime. Coastal states may establish traffic separation schemes there and regulate safety and navigation (Articles 41-43), but only in nondiscriminatory ways that conform to IMO standards—they cannot impose prior authorization requirements, fees, selective denial, or expansive supervisory zones. When considering passage through such straits, sovereignty is inherently “burdened” under UNCLOS Article 34(2) and customary international

law—a technical legal provision that Iranian spokesman tend to gloss over when stating their own claims on the waterway.

Iran is not a party to UNCLOS and prefers the more convenient concept of “**innocent passage** (<https://www.washingtoninstitute.org/policy-analysis/clarifying-freedom-navigation-gulf>).” Yet most other states—including nearby Oman, a party to the convention—accept the “transit passage” concept codified by UNCLOS as customary international law in the Strait of Hormuz. As noted above, the PGSA’s proposed supervisory zone, permit requirements, fees, and extension into Emirati and Omani waters far exceed legitimate regulation. Tehran’s claims of joint ownership of the strait with Oman are similarly untenable in legal terms. And unlike with the Montreux Convention—established a century ago to govern passage through another sensitive chokepoint, the Bosphorus and Dardanelles—coastal states in the Gulf region do not have a preexisting historical arrangement regarding passage through Hormuz.

In short, there are no grounds for the international community to support any Iranian claims of legal cover for replacing the non-suspendible right of transit passage with selective coercive control. Rather, the PGSA poses a direct challenge to freedom of navigation and any sustainable reopening of the strait.

Enforcement Efforts So Far

Iran has begun enforcing the PGSA in limited fashion. It claims to be coordinating around 26-32 **daily transits** (<https://www.aljazeera.com/news/2026/5/20/iran-says-it-coordinated-crossing-of-26-vessels-out-of-strait-of-hormuz>), primarily tankers from its oil-smuggling “shadow fleet” and a handful of compliant Asian vessels, including some from China. This figure is far below the average prewar traffic rate of 130 ships per day. In parallel, Iran’s recent minelaying attempts, drone strikes, and other kinetic operations signal an active effort to impose compliance through harassment and intimidation.

In the long run, however, operational and economic constraints will make enforcement of this scheme difficult if not impossible. On the naval front, Iran’s conventional surface fleet has effectively been neutralized, with 120-150 vessels destroyed or incapacitated, including guided-missile frigates, fast-attack craft, logistical ships, and minelayers. Although many small IRGC speedboats survived, sustaining high-tempo operations against relentless U.S. targeting of coastal boat launch sites and support facilities, drones, and minelaying assets will be extremely difficult.

On the economic side, the U.S. counter-blockade in place since mid-April has slashed Iranian oil exports by over 80 percent, forced production cuts that risk long-term reservoir damage, generated daily revenue losses in the hundreds of millions, pushed Kharg Island crude storage to near capacity, and left the regime with around **twelve to fourteen days** (<https://www.kpler.com/blog/us-blockade-iran-starts-feeling-the-heat>) of usable onshore storage capacity before it has to start capping its oil wells. To be sure, the large amounts of oil that Tehran placed in floating and onshore storage outside the region still give it a roughly three-to-four-month cushion before that major line of revenue begins to dry up, but other effects are already being felt. Iran’s economy is hardly immune to the fact that mainstream commercial traffic through the strait has collapsed to 5-10 percent of the prewar average, with war-risk premiums spiking more than sixteen times the normal level. The regime is also running the risk that prolonged crisis in the region could eventually lead to some degree of global “detangling” from oil supplies and other goods delivered via Hormuz, including its own lucrative wares.

Policy Recommendations

Ultimately, Iran’s PGSA strategy is unsustainable due to a combination of legal fragility, military losses, U.S. blockade enforcement, and economic hemorrhaging (exacerbated by the likelihood that Hormuz transit numbers will remain depressed under any such scheme). If the ongoing negotiations produce a viable agreement—

one that includes an Iranian commitment to freedom of navigation under international law and full reopening of the Strait of Hormuz under the preexisting IMO traffic separation scheme—then the PGSA mechanism would be nullified, whether as an explicit condition of the deal or by default as the agreement’s terms come into force. Yet if U.S. negotiators fail to secure such binding commitments and the PGSA is allowed to persist in some form, then it would remain a live instrument of coercion.

Accordingly, the Trump administration should adopt a layered, proactive approach to countering the PGSA as soon as possible, emphasizing the following set of clear, consistent, and readily implementable measures:

- **Announce and launch a “Hormuz Security Force.”** This enhanced freedom-of-navigation operation should build directly on the success of recent U.S. Central Command statements and defensive operations against IRGC threats. It could fall within a revitalized, technology-augmented multinational maritime security framework centered on the existing Combined Task Force 152, rebranded or expanded as a dedicated Hormuz force.
- **Continue publicly and privately denouncing Iran’s PGSA declaration** as an illegitimate attempt to rewrite international maritime norms. At the same time, Washington should coordinate with France, Japan, Oman, the UAE, the United Kingdom, and other key users of the strait to reaffirm the existing IMO traffic separation scheme.
- **Expand the May 27 Treasury Department designation by imposing secondary sanctions** on any companies, banks, insurers, or governments that comply with PGSA restrictions or otherwise facilitate the scheme. In addition to sending a powerful message, this would help make it commercially prohibitive for them to cooperate with Tehran’s demands.
- **Sustain and refine economic pressure**, in part by interdicting Iranian “shadow fleet” vessels, and also by conditioning any technical assistance to Iran (e.g., demining support near Kharg) on verifiable, permanent abandonment of the PGSA scheme and full reopening of Hormuz under international oversight.
- **Caution Oman—but cautiously.** Washington should be resolute in turning Muscat away from any cooperation with Tehran that might undermine the non-suspendible right of transit passage through Hormuz. At the same time, however, it is highly counterproductive to suggest using military pressure against Oman or blowing up bilateral relations with a country that frequently hosts U.S. forces at three important military sites. Instead, Washington should work closely with the IMO, Oman, and other key states to uphold nondiscriminatory traffic management arrangements that respect established international law.

Through this mix of firmly rejecting the PGSA, levying targeted sanctions, calibrating allied naval action, applying economic leverage, and engaging in principled, consistent diplomacy with Oman and the Gulf states, the Trump administration can steer Tehran toward pragmatic retreat on this issue. In doing so, it could help restore the Strait of Hormuz as a global commons and discourage other actors from interpreting this crisis as a dangerous coercive precedent for vital chokepoints elsewhere in the world.

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