**Policy Analysis** (/policy-analysis) /
Policy Alert

# Iran's Strait of Hormuz: A Challenge to U.S. Policy

by Simon Henderson **(/experts/simon-henderson)**

Dec 29, 2011


ABOUT THE AUTHORS

Simon Henderson (/experts/simon-henderson)

Simon Henderson is the Baker fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute, specializing in energy matters and the conservative Arab states of the Persian Gulf.


Brief Analysis

### Threats by Tehran to close the strategic Strait of Hormuz may be bluster, but they also represent a bigger policy challenge to the United States.

Rhetoric from Iran perceived as a threat to oil tankers passing through the strategic Strait of Hormuz has been countered by firm words from the U.S. Navy, which says it would not tolerate any disruption to maritime shipping. But the verbal clash serves as a reminder of how poorly prepared Arab Gulf exporters are for anything more than a limited blockage as well as of the possible effects of the Obama administration's policy of interfering with payments earned by Iran from its own oil exports.

Iran's Supreme Leader Ali Khamenei said in 2006: "If the Americans make a wrong move toward Iran, the shipment of energy will definitely face danger." At that time, the words were seen as an attempt to deter any U.S. military attack on Iran in relation to its suspected nuclear weapons program. In recent months, Iranian officials have described economic measures such as sanctions on the Central Bank of Iran and boycotts of Iranian oil as economic acts of war. The proposition that drastic Iranian action would only come in response to U.S. military rather than economic action is now being tested.

A dozen or so huge tankers exit the Persian Gulf daily through the Strait of Hormuz, the narrows between Iran in the north and Oman in the south. A similar number of empty tankers enter. The outgoing tankers carry slightly less than 20 percent of the world's daily demand for oil, the significance of which grows when we consider that this haul amounts to about 40 percent of the world's internationally traded oil. Any disruption of shipping would therefore have an immediate impact on world oil prices. (Increasingly, a few of the tankers carry liquefied natural gas [LNG], the demand for which is rising, particularly in Asia. The Gulf state of Qatar is the world's largest exporter of LNG.)

The last time tensions rose over Persian Gulf oil exports was during the 1980-1988 Iran-Iraq War, when each side targeted the other's exports. Saudi Arabia, an ally of Iraq at the time, responded by building an export pipeline for Baghdad across Saudi territory to the Red Sea -- a pipeline that, incidentally, is no longer in use. If the Strait of

Hormuz were closed to shipping, the alternative routes would be insufficient. Saudi Arabia would be able to export some of its production through its own trans-Arabian-peninsula line, and the United Arab Emirates could use a newly completed line to the Gulf of Oman for most of its production. But all exports from Kuwait, Iraq's southern fields, Qatar, and presumably Iran itself would be unable to reach their markets.

The military reality is that the Strait would not remain closed for long; the U.S. Navy has insisted it would be closed for days at most. The U.S. Navy, in the form of the Fifth Fleet headquartered in Bahrain, supported by the U.S. Air Force, which maintains a large air fleet at the al-Udeid Air Base in Qatar, is more than a match for Iran's military forces. But any confrontation would likely last several confusing days, and Iran's use of asymmetric warfare could have unpredictable results; Iran could well harass shipping through the Strait for a sustained period. A clash could also exacerbate tensions within Bahrain, where Shiite coreligionists of Iran's Shiites are confronting daily the security forces of the Sunni-ruled island state. Just yesterday, the U.S. embassy in the Bahraini capital, Manama, announced that embassy personnel whose daily commutes take them on a route especially afflicted by rioting would be moving to different neighborhoods.

A White House spokesman, speaking from President Obama's vacation spot in Hawaii, has said the administration would make no comment on Iran's threat to close the strait. But, whether it voices this view publicly or not, the United States should regard the speedy development of alternative routes for Persian Gulf oil exports as a supplementary policy to its Strategic Petroleum Reserve, which is designed to provide a cushion during the limited period when Iran may substantially impede shipping through the Strait of Hormuz. Apart from acting as a deterrent to rash Iranian behavior, such an approach makes good sense for dealing with other regional crises.

With oil prices forecast to remain at more than $100 per barrel during 2012, Washington must seek to encourage, at least in the short term, increased oil production in other parts of the world. Such an endeavor would be aimed at easing prices and would be pursued even though it contradicts the political rhetoric associated with the longer-term aims of energy independence and switching to more environmentally friendly fuels. The United States imports very little of its oil from the Middle East but remains vulnerable to the world oil price. That price, in turn, remains sensitive to political threats despite existing counterstrategies, including the release of strategic reserves and methods to increase pipeline capacities using chemical additives. The current fragile economic state of many of the world's democracies means that politicians treat energy-related issues very cautiously. But, ironically, Iran's words may make China, which increasingly depends on oil imports, particularly from the Persian Gulf, a more congenial diplomatic partner in confronting Tehran on its nuclear program.

*Simon Henderson, the Baker fellow and director of the Gulf and Energy Policy program at The Washington Institute, is author of the 2008 Institute study* Energy in Danger: Iran, Oil, and the West. **(http://www.washingtoninstitute.org/templateC04.php?CID=291)** ❖

## RECOMMENDED

BRIEF ANALYSIS

### Unpacking the UAE F-35 Negotiations

Feb 15, 2022

◆

Grant Rumley

(/policy-analysis/unpacking-uae-f-35-negotiations)


ARTICLES & TESTIMONY

## How to Make Russia Pay in Ukraine: Study Syria

Feb 15, 2022

◆

Anna Borshchevskaya

(/policy-analysis/how-make-russia-pay-ukraine-study-syria)

BRIEF ANALYSIS

## Bennett's Bahrain Visit Further Invigorates Israel-Gulf Diplomacy

Feb 14, 2022

◆

Simon Henderson

(/policy-analysis/bennetts-bahrain-visit-further-invigorates-israel-gulf-diplomacy)

### TOPICS

Gulf & Energy Policy (/policy-analysis/gulf-energy-policy)

Military & Security (/policy-analysis/military-security)

### REGIONS & COUNTRIES

Iran (/policy-analysis/iran)

Gulf States (/policy-analysis/gulf-states)