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MARCH 9th, 2026

MONDAY MORNING QUARTERBACK
ENERGY MARKETS CEO BRIEFING NOTE

"Ten Days of War and Counting: Ten Million Barrels a Day of Gulf Oil Production Facing Shut In"

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Ten Days of War and Counting: Ten Million Barrels a Day of Gulf Oil Production Facing Shut In

As tanker traffic through the Strait of Hormuz collapses and storage tanks across the Gulf fill rapidly, oil producers are preparing to shut in up to ten million barrels per day of production while four million barrels per day of spare capacity becomes stranded.

Ten days into the war with Iran, the global oil market is entering a phase where logistics rather than geology determines supply. As tanker traffic through the Strait of Hormuz grinds toward paralysis, Gulf producers are approaching the operational limits of their export systems. Within days the region will begin shutting in large volumes of production. By the time the conflict reaches its second week, as much as ten million barrels per day of Gulf oil output will be forced offline as storage facilities fill and cargo movements stall.

At the same time the market will effectively lose access to another four million barrels per day of spare capacity concentrated in Saudi Arabia and the United Arab Emirates. That capacity normally functions as the oil system's emergency stabilizer, providing additional supply during disruptions. Spare capacity only stabilizes markets if those barrels can reach international buyers. When export routes become constrained the additional supply becomes stranded alongside the production already being curtailed.

Taken together the shutdown of existing output and the loss of accessible spare capacity removes roughly fourteen million barrels per day from the functioning oil system. The adjustment is not the result of damage to oil fields or refineries. It is the direct consequence of the breakdown in the logistics chain that connects Gulf producers to global markets.

Only days before the conflict erupted the oil market appeared comfortably supplied. West Texas Intermediate was trading near sixty seven dollars per barrel. United States production stood near record levels at roughly thirteen point seven million barrels per day. Venezuelan exports had recovered to around eight hundred thousand barrels per day. The International Energy Agency projected that global supply could exceed demand by as much as three point seven million barrels per day by 2026.

OPEC Plus had also begun cautiously returning supply to the market. The group raised production modestly in late 2025 and approved additional incremental increases in early 2026 as part of a longer term plan to restore around two point two million barrels per day of voluntary production cuts introduced during the previous market downturn.

On paper the system appeared balanced. The war changed that equation within days.

The Strait That Moves the World

The Strait of Hormuz remains the most important shipping corridor in the global energy system. Roughly one fifth of the world's oil trade passes through the narrow waterway each day, linking the major producers of the Gulf to markets across Asia, Europe and beyond.

When hostilities began between United States and Israeli forces and Iran, maritime insurers and tanker operators reassessed the risks of operating in the region. War risk insurance coverage became difficult to obtain and many tanker owners suspended voyages through the Strait. Vessel movements through the corridor dropped sharply while ships began anchoring outside the Gulf waiting for clarity on security conditions.

The result was immediate. Oil prices surged as traders began pricing the logistical disruption to global flows. West Texas Intermediate climbed from sixty seven dollars per barrel to more than one hundred dollars within days and briefly traded above one hundred and eleven dollars.

The rally reflected a simple reality. Oil supply is not determined solely by how much crude can be pumped from the ground. It depends equally on the ability to move that crude through tankers, pipelines, storage terminals and export facilities.

When that system slows or stops, the consequences ripple quickly through global markets.

Evidence of those effects has already begun to appear.

Iraq's southern oil production has reportedly fallen sharply as exports slowed and storage tanks filled. Kuwait has announced precautionary cuts to production and refining activity. Tanker operators have left vessels anchored outside the Gulf waiting for insurance coverage and security conditions that have yet to return.

The oil market has moved beyond financial volatility into the early stages of physical supply disruption.

Storage Limits and Production Shut Ins

Oil producers do not immediately shut wells when exports are disrupted. Instead they continue pumping crude while redirecting barrels into storage facilities. That process allows producers to maintain output while waiting for shipping routes to reopen.

However storage capacity is finite. Once tanks approach their operational limits production must be reduced.

That moment is now approaching across the Gulf.

Iraq has already begun adjusting output as export constraints tighten. Kuwait faces similar challenges because nearly all of its crude exports depend on tanker traffic through the Strait of Hormuz.

Other producers possess partial alternatives but the relief is limited. Saudi Arabia can redirect some crude through its East West pipeline to the Red Sea. The United Arab Emirates operates the Habshan Fujairah pipeline that bypasses the Strait and allows exports to load directly from the Gulf of Oman.

Even combined these routes handle only a portion of normal export volumes. Around twenty million barrels per day of oil and petroleum liquids typically move through the Strait of Hormuz. Pipeline alternatives can accommodate only a fraction of that flow.

ADNOC confirmed this week that its operations continue despite the regional developments and that established contingency protocols have been activated to protect personnel and infrastructure. The company continues to use export capacity that bypasses the Strait and relies on international storage facilities to maintain supply where possible.

At the same time ADNOC acknowledged that the disruption to shipping is forcing cargo movements to be managed on a transaction by transaction basis. Sales and trading teams are engaging directly with customers where shipment schedules may be affected while offshore production levels are being carefully adjusted to manage storage capacity and preserve operational flexibility.

These operational measures reflect the broader logistical constraint now facing the entire region.

Oil that cannot leave the Gulf cannot continue to be produced at normal levels.

As storage facilities approach capacity production must align with the physical limits of the export system rather than the capacity of oil reservoirs.

Week Two of the War

The sequence of events that follows this logistical breakdown is predictable.

Once shipping slowed through the Strait of Hormuz the countdown began on available storage capacity across the Gulf. The region's oil system now operates on the timeline dictated by storage tanks rather than production potential.

By the time the war enters its second week Gulf producers will begin shutting in large volumes of output.

The scale of those shut ins will approach ten million barrels per day of existing production.

At the same time roughly four million barrels per day of spare capacity concentrated in Saudi Arabia and the United Arab Emirates will remain inaccessible because those additional barrels cannot reach global markets through the same constrained shipping routes.

Energy officials in the region have already warned about the potential price consequences. Qatar's energy minister Saad Al Kaabi has stated that oil prices could reach one hundred and fifty dollars per barrel if tanker traffic through the Strait of Hormuz does not resume.

The disruption is also spreading into global gas markets. Qatar halted liquefied natural gas production earlier in the conflict after security threats forced the suspension of operations. The affected facilities represent roughly twenty percent of global LNG supply.

Even if hostilities were to end immediately restoring normal cargo flows across the Gulf could take weeks or months.

The global energy system therefore enters a new stage of the conflict.

The first stage produced financial volatility and sharp price movements. The next stage brings the physical consequences of disrupted logistics.

When tankers stop sailing, pipelines reach capacity and storage tanks fill, production must adjust.

Ten days into the war the process has already begun.

Within days the global oil market will confront the reality of ten million barrels per day of Gulf oil production shut in and four million barrels per day of spare capacity stranded.

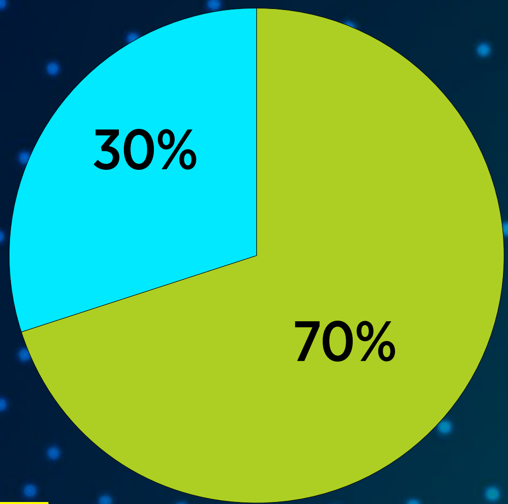
Fourteen million barrels per day removed from the oil system not because the resources disappeared, but because the world's most important energy corridor stopped moving them. ■

Daily Energy Markets
INDUSTRY SURVEY
March 2nd - 6th, 2026

MARCH 2nd

Oil prices only popped up 10% today because geopolitical risk premium had already pumped up crude by 20% through Jan & Feb?

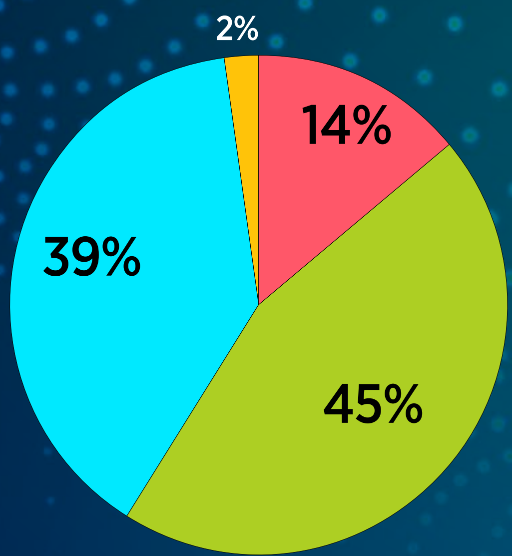
Answer:
- Agree
- Disagree



MARCH 3rd

What will be the price of Brent crude oil at end of March if Trump is right when he said yesterday that US war on Iran would last 4+ weeks?

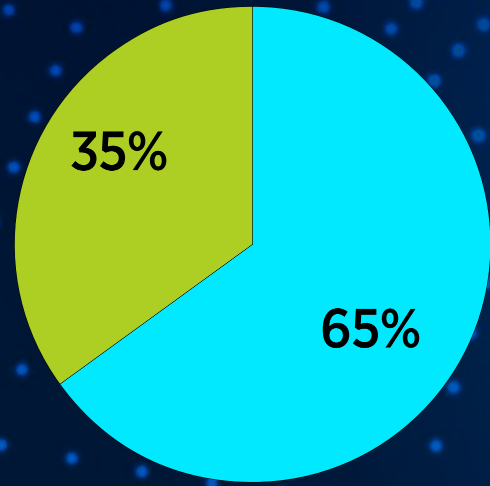
Answer:
- closer to $120 approx
- closer to $100 approx
- closer to $80 approx
- closer to $60 approx



MARCH 4th

Trump's commitment to re-open Straits of Hormuz is a game changer for oil markets?

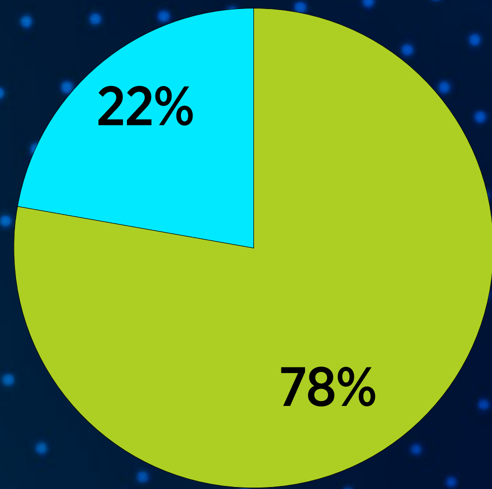
Answer:
- Agree
- Disagree



MARCH 5th

China's decision to stop exporting Diesel & Gasoline is an inflection point in Iran war crisis that will send Brent crude marching onto $90 and beyond?

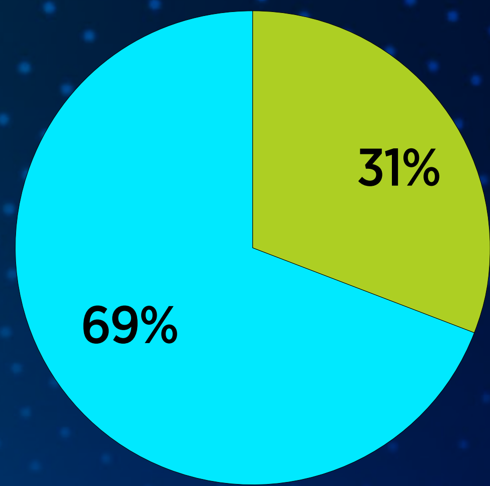
Answer:
- Agree
- Disagree



MARCH 6th

Do you expect the Strait of Hormuz to re-open to normal oil & gas Tanker flows before US/Israel War with Iran ends?

Answer:
- Yes
- No



Source: GI Research Polled 100+ Energy Industry Executives March 2nd - 6th, 2026


1D
1M
6M
YTD
1Y
5Y
Add a comparison
72.48 USD/bbl.
Feb 27
120.00
102.50
85.00
67.50
50.00
1/10
1/19
1/29
2/8
2/17
2/27
3/9

The Next Big Challenge to Global Energy Markets could be the Bantustanization of Iran – Mirroring what happened in Iraq and Libya?

If regions across Iran retreat into separate geographic and ethnic power centers, the risk to oil markets could go far beyond a war premium!

It would be a mistake to use an old pair of geostrategic glasses to assess what could unfold with Iran's energy industry and to the flows of global oil and gas through the Strait of Hormuz as a routine war premium, a temporary spike in crude oil prices that will fade with calmer headlines. It would be a costly misreading of the moment.

Yes, oil prices have already surged close to 10% today after the outbreak of U.S.–Israeli strikes on Iran on Saturday, pushing gains to nearly 30% year-to-date. Yes, OPEC+ has responded by accelerating output increases, lifting April production targets in an effort to reassure markets. But these are short-term stabilizers aimed at managing flow risk.

The deeper and far more consequential issue is this: the greater challenge to global energy markets is the potential bantustanization of Iran. We could see a fragmentation of the state into geographically and ethnically defined power centers, much like what unfolded in Iraq after the 2003 overthrow of Saddam Hussein and in Libya following the 2011 fall of Muammar Qaddafi.

In both Iraq and Libya, regime collapse did not immediately eliminate oil production capacity. What it did instead was fracture centralized authority. Competing regional actors, militias, sectarian blocs and foreign backers carved out spheres of influence. Oil infrastructure became leverage. Production swung violently. Contracts were contested. National governance weakened. In Iraq, external influence and internal fragmentation kept Baghdad's control uneven and unbalanced for years. In Libya, rival governments fought for ports and terminals, turning oil into a bargaining chip in a fractured political landscape.

That is the precedent energy markets need to now consider in Iran.

Systemic Fragility: When a War Premium Becomes Structural Stress

The immediate shock of this conflict has exposed something markets were reluctant to confront: how thin global energy buffers have become.

The Strait of Hormuz is not simply another transit corridor. Roughly one-fifth of global crude and a substantial share of LNG flows pass through that narrow passage. It is the artery connecting Gulf production to Asia, Europe and beyond. Even before any formal closure, tanker hesitations, navigation warnings, missile incidents near shipping lanes, and changes in war-risk insurance calculations have slowed flows.

In modern energy markets, psychology precedes physics. A declared closure is not required to trigger disruption. When tanker owners pause, insurers rewrite risk policies overnight, and LNG carriers reconsider transit, markets shift from trading barrels to trading fear.

This stress will not be evenly distributed. Asia, which receives the overwhelming majority of Hormuz crude flows, will feel it first and hardest. Around 80% or more of the crude moving through the Strait ultimately heads to Asian markets. Europe, though somewhat diversified since the Russian gas crisis, remains exposed on LNG, especially given thinner storage levels compared with last year.

The global energy system today operates on just-in-time logistics disguised as abundance. Spare capacity exists largely on paper. Storage buffers are thinner than policymakers admit. LNG rerouting options are geographically constrained. For Qatari and Emirati LNG, there is no meaningful alternative to Hormuz.

The first phase of this crisis is about chokepoints and price spikes.

The second phase, perhaps the more dangerous one for longterm ramifications, is about political geography.

Internal Fault Lines: Geography of Oil and the Risk of Fragmentation

Iran's hydrocarbon geography is highly concentrated. Most oil production lies in the south, and roughly 40–45% of total output is located in Khuzestan province. Khuzestan has a significant Arab population, though it is deeply integrated into the broader Iranian state. Historically, separatist sentiment surfaced during the Iran–Iraq war, but today there are no powerful or capable movements able to detach the province under current conditions. The probability of outright separation remains low for now.

The second major hydrocarbon concentration lies along the Persian Gulf coastline, particularly in Bushehr and Hormozgan provinces. These provinces contain most offshore oil and the bulk of Iran's vast gas reserves. There is little to no significant separatist momentum in these regions. In gas, fragmentation risk is extremely low. In oil, it is limited but not zero.

More politically sensitive regions lie elsewhere. Kurdish areas along the western border have long-standing cross-border cultural and historical ties spanning Iraq, Turkey and Syria. Baluchistan in the southeast carries peripheral instability risk. Yet critically, neither region contains the bulk of Iran's oil reserves.

Which makes the risk more subtle.

The danger is not necessarily immediate secession of oil-rich territory. It is the erosion of centralized authority over production, export terminals and revenue flows. If prolonged conflict weakens governance in Tehran without producing a stable successor authority, oil infrastructure could become politically leveraged. Even without formal breakup, rival regional actors could assert influence over assets. Pipelines could be interrupted intermittently. Export terminals could become bargaining chips.

That is how fragmentation destabilizes energy systems, not through formal borders, but through contested control.

Regional Meddling: The Iraq Parallel Revisited

Iran does not exist in isolation. It borders Iraq, Turkey, Azerbaijan, Armenia, Turkmenistan, Afghanistan and Pakistan, while facing the Gulf states across a narrow maritime corridor. Ethnic and cultural linkages extend across nearly every one of those borders.

Azeris in northwestern Iran share language and identity ties with Azerbaijan. Kurds straddle Iran, Iraq and Turkey. Baluch populations span Iran and Pakistan. Arabs in Khuzestan connect culturally to communities across the Gulf.

In a scenario where central authority weakens, neighboring states will not remain passive observers.

The post-2003 experience in Iraq is instructive. External actors backed competing sectarian and ethnic factions. The result was not outright disintegration but prolonged fragility. Baghdad's authority remained formally intact, yet governance was persistently compromised by regional interference and internal fragmentation. Oil revenues were entangled in political disputes between federal and regional authorities. Infrastructure decisions became politicized.

Libya's experience after 2011 went further. Rival governments claimed legitimacy. Oil terminals changed hands repeatedly. Production collapsed and rebounded in cycles, driven not by geology but by power struggles.

If Iran were to experience a similar pattern, not necessarily formal breakup, but de facto bantustanization, neighboring states could seek influence over regions aligned with their strategic interests. Proxy relationships could emerge. Energy infrastructure could become entangled in geopolitical competition.

This is the structural challenge markets are only beginning to price.

From Price Shock to Structural Risk

The initial 10+% jump in oil prices reflects immediate supply anxiety. The 30% year-to-date rally reflects not only a rising geopolitical supply risk premium, but also a possible structural question on whether Iran will remain a unified, centrally managed hydrocarbon state, or will it gradually evolve into a politically fragmented system where regional and external actors contest influence over energy assets.

Markets can absorb airstrikes. Markets can absorb temporary shipping disruptions. What they struggle to absorb is prolonged structural fragmentation of a major oil producer sitting astride the most critical energy chokepoint on the planet. If Iran's political geography begins to resemble Iraq after 2003 or Libya after 2011, fragmented, externally influenced, and internally contested, the risk premium embedded in crude prices will not fade.

It will become permanent.

And that is the next big challenge now facing the global energy markets to price in. ■

Omar Najia
Derivatives Trader
BB Energy

Hormuz is the Tipping Point — Markets are Underestimating the Escalation

Only days before the strikes, the prevailing market view was that a direct confrontation involving Iran would be avoided and that the Strait of Hormuz would remain open because closure would damage all sides. That assumption has now been overtaken by events. Shipping through Hormuz — the artery for roughly 20 million barrels per day of crude and condensate — has been severely disrupted, vessels have been struck, and key Gulf energy infrastructure has come under pressure. Yet oil remains below $80 per barrel. This reaction reflects a broader misunderstanding. The conflict underway is not a symbolic exchange; it carries existential implications for Iran's leadership. In such circumstances, escalation becomes strategic rather than emotional. Recent strikes appear designed not as random retaliation, but as asymmetrical pressure — targeting radar systems, logistics corridors, refueling bases, and export infrastructure to increase operational and economic costs for adversaries.

Markets tend to move in stages: initial shock, followed by rationalization, and then realization. The present calm may represent the rationalization phase. However, physical risk to infrastructure across the Gulf, combined with disruption to a chokepoint that carries nearly a fifth of global oil supply, creates conditions for a more forceful repricing. Deep backwardation already reflects tightening prompt supply. Should disruptions persist or widen, equity markets are likely to weaken and crude prices to accelerate sharply. This is unlikely to be a brief spike. It may mark the beginning of a structurally higher risk premium in energy markets. ■

**Paraphrased Comments*

S&P Global Energy
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SEASON VI

Laury Haytayan
MENA Director
Natural Resource Governance Institute

This War Risks Becoming Iran Versus the Gulf

What we are witnessing is no longer just another confrontation between Iran and Israel. The dynamics are shifting in a far more consequential direction. This risks becoming perceived as a war between Iran and the Gulf. Iran's decision to push Hezbollah into the conflict appears driven by mounting pressure. When direct retaliatory capacity is constrained, proxies become instruments of distraction. But this is a dangerous calculation. Hezbollah's involvement may prove a strategic misstep that weakens the movement internally and further destabilizes Lebanon. Domestically, it could carry a heavy political cost.

More significantly, Iran's expanding target set signals a broader strategy: applying pressure not only on Israel and the United States, but also on Gulf economies. Striking energy infrastructure or core economic assets raises the cost of continued conflict — particularly by influencing gasoline prices in the United States and economic stability in Gulf capitals. This is a gamble. Tehran may believe rising global energy prices will generate political pressure in Washington to shorten the war. But escalation against neighboring Gulf states could instead solidify regional opposition and deepen strategic alignment against Iran. Europe is watching closely. Gas markets are structurally tighter than oil, and any prolonged disruption — especially involving Qatar — could trigger volatility that outpaces current oil price moves. Ultimately, the conflict's trajectory will depend on whether pressure tactics force negotiations — or harden positions across the region. ■

**Paraphrased Comments*

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March 3rd, 2026

TOP 9 MARKET TAKEAWAYS:

LOGISTICAL STRESS IN OIL MARKETS

Ahmed Mehdi

MD, Renaissance Energy Advisors & Senior Fellow, OIES

1.

FREIGHT, NOT FLAT PRICE, DRIVES VOLATILITY: The core market friction is in logistics rather than outright crude prices, with freight and physical differentials absorbing most of the geopolitical risk premium.

2.

VLCC RATES NEAR $200,000: Middle East–China freight has surged to roughly $68–69 per metric ton, with VLCC day rates approaching $200,000, dramatically increasing the cost of moving crude.

3.

DUBAI PREMIUMS JUMP $6: Regional spreads widened sharply, with Dubai physical premiums rising about $6, signaling real tightening in physical crude availability beyond headline Brent moves.

4.

NO MATERIAL SUPPLY LOSS YET: Despite escalation, there is still limited confirmed physical supply disruption, meaning markets are pricing risk duration and logistics rather than sustained production outages.

5.

IRAQ STORAGE BUFFER 11–15 DAYS: Southern Iraq holds roughly 11–15 days of storage capacity, suggesting prolonged export disruption could quickly translate into forced production shut-ins.

6.

INFRASTRUCTURE LIMITS EXPORT FLEXIBILITY: Rerouting southern crude north is operationally complex, with grade differences and contractual commitments restricting Iraq's ability to shift flows away from Gulf export terminals.

7.

CHINA BETTER CUSHIONED THAN INDIA: China's strategic reserves and stockpiling provide short-term resilience, while India's heavier reliance on Middle Eastern flows leaves it more exposed to freight inflation and disruption.

8.

SPREADS REFLECT TRUE MARKET STRESS: Much of the tension is embedded in physical spreads and transport costs, indicating structural strain within the supply chain rather than purely speculative price movement.

9.

DURATION WILL DETERMINE PRICE PATH: If disruption extends four weeks or longer, storage limits and logistical strain could evolve into genuine production shut-ins and materially tighter global balances.

March 4th, 2026

TOP 9 MARKET TAKEAWAYS: CHINA'S ENERGY SECURITY, SUPPLY RISKS & TRADE STRATEGY

Liao Na, Chief Consultant & Founder, GL Consulting

1.

CHINA HAS A STRONG LNG INVENTORY BUFFER: China currently holds around 6.7 million tons of LNG in storage, roughly three to four weeks of supply, allowing Beijing to avoid immediate market panic despite disruptions to Gulf energy flows.

2.

SEASONAL DEMAND REDUCES SHORT-TERM PRESSURE: China is entering a seasonal period where energy demand naturally declines after winter, which further reduces pressure on policymakers to respond aggressively to potential supply disruptions.

3.

CHINA'S CRUDE INVENTORIES MAY BE LARGER: Official estimates often suggest around 120 days of supply, but broader definitions including enterprise storage and floating inventories suggest China may hold closer to 240 days of consumption.

4.

STRATEGIC RESERVE DEFINITIONS HAVE EXPANDED: China's 2024 energy law expanded the definition of strategic reserves to include commercial inventories, enterprise storage, and other supply buffers beyond the traditional state reserve system.

5.

PROLONGED BLOCKAGE COULD CREATE SUPPLY RISKS: While China is comfortable in the short term, a prolonged disruption to Gulf energy flows could create a significant supply challenge later if the blockage continues for several weeks.

6.

BEIJING IS MONITORING PRICE THRESHOLDS: China is unlikely to rush into the market at current prices but may intervene more actively if crude prices rise above roughly $90 and remain elevated for an extended period.

7.

ENERGY PRICES IMPACT CHINA'S EXPORT ECONOMY: Rising oil and gas costs increase manufacturing and petrochemical expenses, which could weaken the price competitiveness of Chinese exports in global markets.

8.

IRAN SUPPLIES CRITICAL METHANOL IMPORTS: Iran provides around 60% of China's methanol imports, meaning supply disruptions could ripple through petrochemical production and downstream manufacturing sectors.

9.

CHINA FOCUSES ON PROTECTING ITS OWN FLEET: China's security approach prioritizes protecting its own shipping and infrastructure, responding to security demands rather than proactively projecting military power into Gulf shipping lanes.

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ENERGY MARKETS BRIEFING NOTE

WHY NOW? for Trump Attack on Iran Built on Three Levels of Strategic Logic

Five days into the U.S. strikes on Iran, the central question dominating diplomacy, energy markets and investors alike remains simple: WHY NOW? The answer has been difficult to pin down partly because the Trump administration itself has offered shifting explanations. The campaign was initially framed as an effort to destroy Iran's nuclear programme, yet in the days since the rationale has broadened through a mixture of White House remarks, social media posts and improvised interviews that have left Washington's ultimate objectives deliberately ambiguous.

This ambiguity has forced analysts to look beyond the administration's official messaging in search of the deeper strategic logic behind the timing of the conflict, so here is my take on the WHY and the NOW -- when viewed through a wider geopolitical lens, the decision to act now begins to make more sense when understood across three different levels of the Trump administration's thinking: 10,000 foot view, the global U.S.–China strategic competition; 5,000 foot view, delivering for Israel while Trump still dominates Washington; and 100 foot view, future-proofing the Gulf's rise as the next major platform for global capital and technology.

10,000 FOOT VIEW: Trump Building Energy Leverage Over China Ahead of Xi Summit

At the highest strategic level, "why now" may be closely tied to President Donald Trump's approaching summit with Chinese President Xi Jinping in Beijing. Trump recently suggested the war could end within roughly four weeks, a timeline that would bring the conflict to a close just days before the planned meeting between the two leaders. The summit is expected to focus heavily on trade, but the underlying contest is much broader: the balance of economic and strategic power between the United States and China.

In that rivalry Beijing holds one of the most powerful structural advantages in the global economy: dominance over rare earth minerals and the supply chains that process them. These materials underpin everything from advanced electronics and artificial intelligence hardware to modern weapons systems. China's near-monopoly in processing rare earths gives it enormous leverage over the industries that will define the coming decades.

Trump's counter-move may be to reinforce America's leverage in another foundational pillar of the global economy: energy. Iran has become an important supplier of discounted crude to China's refining sector, helping sustain Beijing's energy security under Western sanctions. By escalating pressure on Iran ahead of the Beijing summit, Washington raises the perceived vulnerability of China's energy supply chain and signals that the United States and its allies still retain enormous influence over the global oil system.

This dynamic is amplified by China's own strategic posture. Despite its growing military capabilities, Beijing has shown little willingness to project military power into the Middle East or act as a security guarantor in unstable regions. Its primary strategic focus remains in Asia, particularly around Taiwan and the South China Sea. Once U.S. and Israeli hard power is in motion in the Gulf, China's ability to shape events becomes limited to diplomatic protests and economic hedging rather than meaningful deterrence.

Seen from this perspective, the timing of the Iran campaign may not simply be about the Middle East itself. It may also be about arriving in Beijing with leverage. If China enters negotiations holding the critical minerals card, Trump may be attempting to remind Xi that the United States and its allies still hold the oil card.

5,000 FOOT VIEW: Trump Delivering Israel's Wishlist while He's Still King of Washington

At the regional level, the timing of the confrontation with Iran can also be understood through the lens of Washington's political calendar. For President Donald Trump, the window to pursue bold foreign policy moves may be narrower than it appears. Recent polling shows Trump's disapproval rating reaching a new high during his second term, leaving the president significantly underwater nationally and raising concerns among Republican strategists that the administration could face a difficult midterm election cycle.

If Republicans were to lose control of Congress, the administration's freedom of action on foreign policy, particularly military operations, could narrow significantly. Under the U.S. Constitution, Congress holds the authority to declare war, not the president. While modern presidents frequently initiate military operations without formal declarations of war, sustained campaigns typically depend on congressional political backing, funding approvals and legal authorization.

A Congress controlled by political opponents could therefore impose far stronger constraints on military escalation through oversight hearings, budgetary restrictions or legislative efforts designed to limit the scope of the conflict. Acting now allows Trump to pursue major strategic objectives before the domestic political environment in Washington potentially tightens after the midterm elections.

For Israel, that timing is critical. Trump's presidency has already delivered some of the most consequential pro-Israel decisions by a U.S. administration in decades. During his first term he recognized Jerusalem as Israel's capital and relocated the U.S. embassy there, reshaping the diplomatic landscape around the Israeli–Palestinian conflict.

In his second term the stakes have escalated from symbolism to strategy. Weakening Iran aligns directly with Israel's long-standing objective of dismantling the country that remains its most formidable regional rival.

Over the past four decades several Arab powers that once posed existential military threats to Israel have either reconciled with Israel or been dramatically weakened. Egypt signed peace with Israel in 1979, Iraq's military power collapsed following the Gulf Wars, and Syria has been severely diminished by more than a decade of civil war. With those traditional rivals sidelined, Iran looks like the only regional power capable of acting as a counterweight to Israeli dominance, particularly through its missile capabilities, nuclear ambitions and network of proxy forces across Lebanon, Iraq, Syria and Yemen.

From Israel's perspective the present moment represents a rare strategic alignment. Trump's White House has historically taken a far more confrontational stance toward Iran than previous administrations, creating a window for decisive action. But that alignment may not last indefinitely. If the political balance in Washington shifts after the midterm elections, Israel could find itself facing a far more constrained American administration. For Israeli policymakers the logic is therefore straightforward: act while Trump still dominates Washington's political landscape, rather than risk losing the strategic opportunity if the domestic balance of power in the United States changes.

100 FOOT VIEW: Trump Future Proofing Gulf's Rise for his Wall Street & Silicon Valley Backers

At ground level, the logic behind Trump's "why now" is also tied to the economic transformation taking place across the Gulf. The region is no longer positioning itself simply as a hydrocarbon exporter but increasingly as a global platform for finance, technology and next-generation digital infrastructure.

Wall Street and Silicon Valley are investing heavily in the Gulf seeking to tap into rapid AI development, massive sovereign wealth capital and expanding digital infrastructure. Major financial institutions including BlackRock, KKR, Millennium, Point72 and Chris Rokos' hedge fund are expanding their regional presence, opening offices in Abu Dhabi and Dubai to position themselves closer to sovereign wealth funds that collectively manage more than $3 trillion in capital.

At the same time the Gulf is emerging as a major global hub for artificial intelligence. Technology leaders including OpenAI, Nvidia, Microsoft and Google are partnering with regional players to build massive data centers and AI infrastructure across the UAE and Saudi Arabia. Abu Dhabi's technology investment platform MGX alone plans to deploy up to $10 billion per year into AI and advanced technologies, while Microsoft has invested $1.5 billion in the UAE-based AI firm G42 and Saudi Arabia has announced a $10 billion partnership with Google Cloud aimed at creating a global AI hub in the Kingdom.

Together these investments are laying the foundations for what investors increasingly describe as "Silicon Dunes", a Gulf-based ecosystem combining Western technology, Middle Eastern sovereign capital, and global talent to build the next generation of computing infrastructure.

For this transformation to fully blossom, however, Trump's backers need him to reduce the geopolitical risk premium that has historically hung over Gulf markets. Missile exchanges, proxy conflicts and threats to shipping lanes have disrupted the region for decades since the founding of the Islamic revolution in 1979, and they are incompatible with Silicon Valley and Wall Street's vision of the Gulf as a platform for global finance, AI Data farms and infrastructure for 21st century frontier technology.

From this perspective, the Trump administration sees weakening, or even removing, Iran's revolutionary regime as a way to eliminate one of the region's largest sources of instability, at a moment when the Gulf is cementing its position as a neutral high-tech hub linking Western capital, Middle Eastern sovereign wealth, and global technology development. In investor terms, the calculation is straightforward: the faster geopolitical volatility declines, the faster the Gulf's emerging ecosystem of finance, AI, and digital infrastructure can scale.

The Strategic Convergence

Seen together, the three layers point to a broader explanation for why Trump may have chosen to act now. At 10,000 feet, escalation strengthens U.S. leverage in its strategic rivalry with China ahead of high-stakes negotiations. At 5,000 feet, it aligns with Israel's objective of weakening its most powerful regional rival while Trump's political dominance in Washington remains intact. At one hundred feet, it supports a longer-term vision of stabilizing the Gulf so it can emerge as a major hub for finance, artificial intelligence and next-generation technology. In this sense, Trump's confrontation with Iran may not simply be about the immediate military campaign. It may reflect a moment where global strategy, regional security and economic transformation converge, making this the moment Washington chose to act. ■

Publishing Intelligence Consultancy

March 5th, 2026

TOP 9 MARKET TAKEAWAYS:
GULF SHIPPING RISKS AND OIL MARKET DISRUPTION

Robin Mills

CEO, Qamar Energy

1.

SHIPPING SECURITY IS THE KEY BOTTLENECK: The critical issue in the Gulf right now is shipping. Tanker operators must decide whether they are willing to risk vessels and crews, making physical security a decisive factor.

2.

INSURANCE CONSTRAINTS COULD STOP SHIPPING: Even if naval escorts are introduced, ships still require insurance. Without credible war-risk coverage, shipowners may remain unwilling to move cargo through the Gulf despite military protection.

3.

ATTACKS ON TANKERS HEIGHTEN MARKET FEARS: Recent attacks on tankers demonstrate that physical danger to vessels is real. These incidents reinforce caution among shipowners and insurers, raising the likelihood of further disruptions to oil flows.

4.

OPEC+ OUTPUT DECISIONS NOW IRRELEVANT: Production quota increases have little meaning if oil cannot be exported. With shipping disrupted, supply decisions by OPEC+ no longer determine market availability in the short term.

5.

IRAQ ALREADY CUTTING PRODUCTION: Iraq is beginning to shut in production because storage is filling rapidly. If exports remain blocked, other Gulf producers may face similar pressures to curb output.

6.

KUWAIT MAY SOON FACE STORAGE LIMITS: Kuwait could also be forced to cut production soon. With limited storage capacity, producers cannot maintain normal output levels if export routes remain blocked.

7.

IRANIAN RESPONSE APPEARS DE-CENTRALIZED: Iran appears to have decentralized command structures anticipating leadership losses. As a result, missile and drone attacks across the region can appear scattered rather than part of a single strategy.

8.

SHUT-INS CREATE BROADER ENERGY RISKS: Cutting oil production is technically manageable, but it also reduces associated gas supplies and complicates refining logistics, potentially affecting power generation and fuel availability in producing countries.

9.

MARKETS MAY BE UNDERSTIMATING THE CRISIS: Financial markets appear relatively calm despite the scale of disruption. The crisis could rival historic energy shocks, with ripple effects across commodities far beyond crude oil.

Zoe Upson

Founder
Freight and Commodity Talent (FACT)

One of the clearest ways to describe the current tanker market is that the Arabian Gulf and the Red Sea are effectively becoming parking lots. According to market participants, the Strait of Hormuz is roughly 97 percent shut, with only a handful of owners still willing to transit. The Red Sea is estimated to be around 75 percent closed.

The result is an extremely unusual operational situation. There are vessels inside the Gulf with cargo onboard that cannot get out, ships outside waiting to go in and load, and others in ballast sitting offshore trying to cancel voyages. Brokers say they have never seen a situation quite like this before As a result, large numbers of ships are ballasting west toward the Atlantic basin. Owners are actively looking to secure what they consider "safe voyages" away from the conflict area. This repositioning is happening across all tanker sizes, from VLCCs down through the smaller segments.

Rate indications

- Some extreme numbers have circulated in the market.
- On VLCCs, the highest talk on subs has been Red Sea to Korea at around WS 450, which would equate to roughly $435,000 per day , although this fixture is not yet confirmed.
- On the Atlantic side, the highest reported US Gulf to Far East fixture has been around $29.3 million lump sum.

Depending on vessel position, brokers estimate this translates to roughly:

- Around $310,000 per day for ships already open in the US Gulf
- Approximately $260,000 to $270,000 per day if the vessel needs to ballast in

There are also signs that the initial spike may already be easing. Petrobras reportedly fixed a Brazil to East cargo around 10 Worldscale points below the previous done level, suggesting sentiment may be starting to soften as more tonnage moves into the Atlantic. ■

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SEASON VI

Vandana Hari

Founder & CEO
Vanda Insights

The First Domino of Energy Protectionism

China's decision to halt refined fuel exports could mark the first major domino in a wave of energy protectionism. While markets initially appeared complacent about the geopolitical crisis, governments are beginning to prioritize domestic supply stability over global market flows. Even though China exports a modest 600,000 barrels per day of refined fuels, removing that volume from the international market comes at a moment when refining margins are already extremely tight. More importantly, the move signals a shift in policy behavior: governments may now prioritize preventing domestic shortages rather than supporting global supply Countries such as Thailand have already taken similar steps, and India could follow. In times of geopolitical stress, energy markets tend to fragment as governments move to secure national supply.

A Conflict With No Clear Exit

The geopolitical backdrop adds further risk. Iran appears willing to escalate its military response despite growing pressure, raising the prospect of a prolonged war of attrition across the Gulf. Even if naval escorts restore some shipping activity through the Strait of Hormuz, Iran could still disrupt flows by targeting vessels or energy infrastructure. As long as that risk persists, normal shipping patterns are unlikely to resume. Without a clear diplomatic exit strategy for either side, energy markets may face sustained volatility. The longer the conflict drags on, the more likely it becomes that supply disruptions and strategic stockpiling will push oil prices higher. ■

**Paraphrased Comments*

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GI Publishing Intelligence Consultancy

March 6th, 2026

TOP 9 MARKET TAKEAWAYS:
ON US STRATEGY TOWARDS IRAN

Raad Alkadiri
Managing Partner, 3TEN32 Associates

1.

WASHINGTON LIKELY EXPECTED A SHORT WAR: The U.S. administration likely anticipated a short and decisive military campaign against Iran rather than a prolonged conflict. The continuation of hostilities suggests Washington underestimated Iran's political and military resilience and overestimated the speed at which strategic objectives could be achieved through initial military strikes.

2.

STRONG MILITARY CAPABILITY BUT WEAK POLITICAL PREPARATION: The United States possesses unmatched military capabilities, but the political management of the conflict appears far less coherent. The administration seems to have been insufficiently prepared for the diplomatic, regional, and economic consequences of escalation, revealing a gap between operational military strength and a clearly articulated geopolitical strategy.

3.

MULTIPLE DRIVERS BEHIND THE DECISION TO ATTACK: The decision to strike Iran likely emerged from a combination of factors rather than a single strategic doctrine. These include pressure from regional allies, the appeal of a dramatic geopolitical move, and assumptions that the Iranian leadership could be quickly pressured or destabilized through military escalation.

4.

MISCALCULATION ABOUT IRAN'S INTERNAL STABILITY: Some policymakers appear to have assumed that Iran's political system could fracture under sustained pressure, producing rapid internal change. That assumption may have underestimated the durability of Iran's state institutions and national cohesion, leading to a strategic miscalculation about how quickly military pressure could produce political results.

5.

A STRATEGIC TURNING POINT FOR THE MIDDLE EAST: The conflict may ultimately be viewed as a strategic turning point in Middle Eastern geopolitics. Escalation could reshape regional relationships, deepen divisions between Iran and Gulf states, and reinforce a new security environment where military confrontation becomes a more normalized tool of regional power competition.

6.

ABSENCE OF A CLEAR POST-WAR STRATEGY: One of the greatest strategic concerns is the absence of a clearly defined plan for what follows the military campaign. While previous interventions often included at least some planning for the aftermath, the current approach appears heavily focused on military pressure without an equally clear framework for managing the political outcome.

7.

RISK OF FRAGMENTATION INSIDE IRAN: Weakening Iran's central state authority could trigger internal fragmentation along ethnic and regional lines. Kurdish, Azeri, and Arab regions could become focal points for instability if state control erodes, potentially creating conditions similar to those seen in Iraq after 2003, where multiple factions competed for power.

8.

DIVERGING STRATEGIC TIMELINES AMONG ALLIES: A potential challenge is the possibility that allies involved in the conflict may not share the same endgame. One side may eventually seek to limit the duration of the conflict due to political and economic pressures, while another may prefer prolonged operations to further weaken Iranian capabilities.

9.

DOMESTIC POLITICAL PRESSURES WILL SHAPE THE TIMELINE: Domestic political dynamics in the United States are likely to influence how long the conflict continues. While public opposition remains limited at present, economic impacts such as rising energy prices could shift the political calculus, especially as election cycles approach and policymakers weigh the domestic costs of prolonged escalation.

WEEKEND READING
ENERGY MARKETS BRIEFING NOTE

The Strait of Hormuz May Never Reopen the Way the World Once Knew It?

For half a century, the Strait of Hormuz has been treated as a permanent fixture of global trade. It is a narrow but dependable artery through which roughly one fifth of the world's oil and gas exports pass each day. The assumption embedded in energy markets, shipping logistics and geopolitical strategy has always been that even during crises the Strait ultimately stays open and traffic flows as normal.

That assumption may now be obsolete. The current conflict suggests a far more consequential possibility. The Strait of Hormuz may never again function as the free flowing corridor it once was. Instead it may begin to resemble another Middle Eastern chokepoint that has quietly entered a prolonged phase of disruption, the Bab al Mandeb.

For nearly three years the Bab al Mandeb has operated in a semi disrupted state. Ships still pass through it but the corridor has become unpredictable. Insurance premiums have surged, naval escorts have multiplied and many vessels now choose to reroute thousands of miles around Africa rather than risk the passage. The waterway has not formally closed, yet neither has it returned to normal. The Strait of Hormuz may now be entering a similar grey zone reality where traffic continues intermittently but the era of free flowing global commerce through the corridor has ended.

Insurance Markets Rather Than Navies Are Closing the Strait

Contrary to popular perception, the disruption to shipping through Hormuz has not been caused primarily by naval blockades or physical barriers to navigation. Instead the immediate shutdown of tanker traffic has been triggered by the far less visible but enormously powerful mechanisms of marine insurance.

Within hours of the conflict escalating, reinsurers in the Lloyd's market withdrew war risk coverage for vessels transiting the Strait. Protection and indemnity clubs followed by cancelling extensions on existing policies, leaving many shipowners without coverage for voyages through the region. Without those policies in place tanker operators cannot legally or financially risk sailing through the waterway. The result was immediate. Vessels began diverting, pausing voyages or exiting the Gulf as quickly as possible, and transits through the Strait plunged sharply.

This episode illustrates a critical but often overlooked reality about global trade. Maritime insurance markets quietly govern the functioning of the world's shipping lanes. When insurers withdraw coverage ships simply stop moving regardless of whether naval forces are present or whether the sea lane itself remains physically open.

In this environment even military escorts may not be enough to restore traffic. Governments may deploy naval protection and declare the Strait secure, but insurers and shipowners must still weigh the risks of missile strikes, drone attacks or mines. Until insurance coverage returns at manageable prices the Strait can remain commercially closed even if governments insist it is operational.

The Stakes Extend Far Beyond Oil and Gas

While global attention has understandably focused on the implications for oil and gas markets, the disruption to shipping through Hormuz carries consequences that extend far beyond energy. One of the most immediate emerging risks is the potential impact on fertiliser supply and global food prices.

A significant share of the world's ammonia and nitrogen shipments, which are key inputs used to manufacture synthetic fertilisers, moves through the Strait of Hormuz. Estimates suggest that between a quarter and a third of global trade in these fertiliser inputs depends on this narrow corridor. Modern agriculture relies heavily on synthetic nitrogen fertilisers which underpin roughly half of global food production. If fertiliser supplies become constrained or prices surge the effects ripple directly through global food systems.

Supply pressures have already begun to appear. A drone attack forced the shutdown of Qatar's largest fertiliser facility, tightening supply in global markets that were already vulnerable to shipping disruption. Prices have reacted quickly. Egyptian urea, one of the key global benchmarks for fertiliser markets, has jumped more than 25 percent within days. At the same time the Middle East supplies roughly 45 percent of global sulphur trade, another critical ingredient used in fertiliser production. Any disruption to these flows risks pushing fertiliser prices higher and raising costs for farmers worldwide.

The implications extend into food inflation. Higher fertiliser prices increase the cost of growing staple crops such as wheat, rice and potatoes while also raising the price of animal feed used in meat and dairy production. Logistics costs amplify these pressures further. Fuel remains one of the largest expenses in global shipping and transport which means rising energy prices quickly translate into higher costs across supply chains. In this sense Hormuz is not simply an energy chokepoint but a pressure point for the broader global economy.

A New Era of Strategic Chokepoint Risk

The longer shipping disruption persists the more likely the Strait of Hormuz is to settle into a prolonged state of partial instability similar to the Bab al Mandeb. Iran does not need to impose a permanent blockade to achieve this outcome. Sporadic attacks on vessels, credible threats against shipping or energy infrastructure and continued geopolitical tension can maintain enough uncertainty to keep insurers cautious and shipowners reluctant.

At the same time the physical alternatives to the Strait remain limited. Saudi Arabia can redirect some crude exports through its East West pipeline to the Red Sea and the United Arab Emirates can export certain volumes through Fujairah outside the Strait. Iraq maintains limited pipeline capacity through Turkey. Yet together these routes can only replace a fraction of the oil normally shipped through Hormuz. For countries such as Kuwait, Qatar and Bahrain the Strait remains effectively the only export route available.

If tanker traffic remains restricted for an extended period storage capacity across the Gulf could eventually fill forcing producers to reduce output. Such production cuts would tighten global energy markets and add further pressure to prices.

Even if military tensions ease the reopening of the Strait is unlikely to be immediate. Marine insurers will need to renegotiate war risk policies voyage by voyage. Some insurers may refuse to quote coverage entirely while others may demand extremely high premiums before agreeing to cover shipments through the region. The reopening process will therefore likely unfold gradually beginning with a handful of vessels testing the route under naval protection before confidence slowly rebuilds.

For decades the Strait of Hormuz symbolised the resilience of global energy trade. Despite wars, sanctions and periodic crises ships continued to pass through the corridor and markets assumed that stability would ultimately prevail. The events unfolding today suggest that this assumption may no longer hold.

The Strait will almost certainly reopen at some point, but it may never again operate as the stable and predictable highway of global commerce that the world once relied upon. Instead, like the Bab al Mandeb, it may become a strategic chokepoint where ships still pass but where instability has become a permanent feature of the global economy. ■

GI Publishing Intelligence Consultancy

March 6th, 2026

TOP 9 MARKET TAKEAWAYS:

HORMUZ DISRUPTION TIGHTENS GLOBAL LNG MARKETS

Marc Howson
Head of Asia, Welligence Analytics

1.

ASIA DEPENDS HEAVILY ON QATARI LNG SUPPLY: Over 80% of Qatar's LNG exports currently flow to Asia, with China and India taking the largest share, making the region particularly vulnerable to disruptions from a closure of the Strait of Hormuz.

2.

HORMUZ CLOSURE TRAPS GLOBAL LNG SUPPLY: If the Strait of Hormuz is closed, roughly 20% of global LNG supply becomes trapped in the Gulf, significantly tightening the global gas market and limiting cargo availability.

3.

ASIAN LNG SPOT PRICES NEARLY DOUBLED: The disruption has pushed Asian LNG spot prices close to $20, compared with expectations earlier this year that benchmark JKM prices would remain below $10.

4.

MARKETS EXPECTED MORE BALANCED LNG YEAR: Before the crisis, LNG markets were expected to be more balanced in 2025 after recent supply tightness, but the current disruption has dramatically tightened the market outlook.

5.

COUNTRIES MAY SWITCH BACK TO COAL: Higher LNG prices could push Asian economies to switch power generation back toward coal while also forcing industrial users to reduce gas demand.

6.

US LNG COULD PARTIALLY OFFSET SUPPLY: Importers may attempt to redirect cargoes from the United States to Asia, helping offset some lost supply, although the adjustment would not fully replace disrupted Gulf exports.

7.

NEW LNG PROJECTS MAY GAIN MOMENTUM: Tighter markets could incentivize investment decisions on new LNG projects, including developments in Papua New Guinea, Mozambique, and the LNG Canada expansion.

8.

SOUTH AND SOUTHEAST ASIA DRIVING DEMAND: Future LNG demand growth is expected to come mainly from South and Southeast Asian countries such as Pakistan, Bangladesh, and India rather than China alone.

9.

HIGH LNG PRICES THREATEN ASIAN IMPORTERS: Sustained price spikes raise serious affordability concerns for developing Asian importers, especially in South Asia, where governments and utilities may struggle to pay for expensive LNG cargoes.

H.E. Khaled Mohamed Balama
Governor of the Central Bank of the UAE

The UAE Banking and Financial Sector is Resilient & Well-Positioned to Navigate Regional Developments

Despite the successive geopolitical developments witnessed across the region during this period, the Central Bank and the UAE's banking and financial sector have consistently demonstrated a strong capacity for resilience, adaptability, and sustained growth. This has further reinforced the UAE's position as a trusted and secure destination and a leading financial hub at both the regional and global levels. The UAE's banking and financial sector continues to maintain very strong levels of capital adequacy and liquidity. The capital adequacy ratio currently stands at 17%, while the Liquidity Coverage Ratio exceeds 146.6%, both significantly above the regulatory thresholds recommended by international supervisory bodies and global financial institutions.

In addition, total assets of the UAE banking and financial sector now exceed AED 5.42 trillion ($1.5 trillion approx.), reflecting the scale, resilience, and strength of financial institutions operating in the country, as well as their capacity to meet obligations and sustain support for economic activity under various conditions. I also reaffirm that the UAE's banking systems, payment systems, and national financial infrastructure continue to operate with full efficiency and stability. These systems are supported by advanced operational and technological frameworks that ensure the seamless, secure, and uninterrupted functioning of banking and financial services.

Financial and banking institutions operating in the UAE implement advanced frameworks for risk identification, risk management, and business continuity in line with leading international standards and best practices. This further strengthens their capacity to address potential developments and emerging challenges with agility and resilience. The Central Bank of the UAE continues to maintain close coordination with relevant authorities and financial institutions to closely monitor developments, ensuring full operational readiness and the uninterrupted provision of banking and financial services across the country. In conclusion, I reaffirm the Central Bank of the UAE's unwavering commitment to closely monitor developments, maintain full operational readiness, and provide the necessary support to safeguard the achievements realized over more than five decades of progress and prosperity, while continuing to contribute to the UAE's sustainable development journey. ■

SOURCE: UAE CB Press Release

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SEASON VI

Osama Rizvi
Global Market and Product Strategist
Primary Vision

Pakistan's Impossible Balancing Act in the Iran War

For Pakistan, the Iran war presents a crisis with no clear upside. In fact, it is difficult to imagine any scenario in which Pakistan emerges as a winner. The country sits at the intersection of several pressures—geopolitical, economic and domestic—that make this conflict uniquely dangerous. First, the domestic dimension cannot be ignored. Roughly one-fifth of Pakistan's population is Shia, which means developments involving Iran resonate deeply within the country. Any perception that Pakistan is siding militarily with one camp over other risks reigniting sectarian tensions that the country has spent decades trying to contain. Second, Pakistan faces multiple external pressures simultaneously. Tensions with Afghanistan remain high, relations with India are fragile, and internal economic challenges continue to weigh on policymaking. Adding another regional conflict into this mix significantly complicates Pakistan's strategic calculus.

Energy dependence adds another layer of vulnerability. The vast majority of Pakistan's oil imports come from the Gulf, while most of its LNG supplies originate in Qatar. Any disruption in the Strait of Hormuz or escalation across the region could quickly translate into higher inflation, rising input costs for industry and growing pressure on household budgets. In this context, Pakistan's best strategy is clear: avoid taking sides and prioritize diplomacy. Quiet engagement with regional partners and global powers will be essential to prevent further escalation. For Pakistan, stability in the Middle East is not just desirable—it is essential for domestic economic and social stability. ■

**Paraphrased Comments*

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March 6th, 2026

TOP 9 MARKET TAKEAWAYS:

IRAN'S VIEW ON WHY THE WAR STARTED AND ITS RETALIATION STRATEGY?

By Iran's Deputy Foreign Minister Saeed Khatibzadeh, who made his comments on March 5th at the Raisina Dialogue 2026 conference in New Delhi, India

Bottom Line: Iran's official narrative portrays the war as an externally initiated conflict designed to weaken or destroy Iran, while its retaliation strategy centers on deterring further attacks by targeting U.S. military infrastructure across the region, including bases located in Gulf states.

1.

IRAN SAYS THE WAR BEGAN WITH A U.S.–ISRAELI "UNPROVOKED AGGRESSION: Iran argues the conflict started when the United States and Israel launched strikes against Iran without provocation and while diplomacy was still underway. Iranian officials say negotiations in Geneva were progressing when the attack began, which they interpret as proof that military escalation was planned rather than triggered by Iranian actions.

2.

TEHRAN BELIEVES THE STRATEGIC GOAL WAS TO DESTROY THE IRANIAN STATE: Iranian leadership portrays the conflict as an existential war aimed at ending Iran as a sovereign power. According to this narrative, Washington and Tel Aviv are trying to reshape the Middle East and weaken Iran permanently, with Iran frequently linking the war to ambitions for a "Greater Israel."

3.

IRAN SAYS THE WAR WAS DRIVEN BY GEOPOLITICAL POWER POLITICS: Tehran rejects explanations that the war was about nuclear weapons or regional security. Instead, it argues the attack reflects great-power geopolitical competition and regional dominance, rather than any immediate Iranian threat.

4.

IRAN FRAMES ITS MILITARY RESPONSE AS DEFENSIVE RESISTANCE: Iran says its military actions are not an offensive campaign but a defensive resistance against invasion. Officials describe the conflict as a "heroic national defense" and argue the country has no option but to fight back until the attacks stop.

5.

IRAN'S CORE RETALIATION STRATEGY IS TARGETING U.S. MILITARY INFRASTRUCTURE: Tehran says its primary response is to strike U.S. military assets and bases involved in attacks on Iran, particularly those located in the Persian Gulf region. Iranian officials argue that any facility used to launch strikes against Iran automatically becomes a legitimate military target.

6.

IRAN JUSTIFIES ATTACKS IN GULF STATES AS STRIKES ON U.S. FORCES: Iran says its operations in Gulf countries are not attacks on those countries themselves, but on U.S. forces operating from their territory. Tehran argues that if American forces launch attacks from regional bases, Iran will retaliate against those launch points.

7.

TEHRAN SAYS IT IS TRYING TO AVOID ESCALATION WITH NEIGHBORING STATES: Iran claims it is attempting to avoid harming civilians or directly targeting Gulf populations, emphasizing that its strikes are aimed specifically at military infrastructure. The Iranian position is that the conflict is with the United States and Israel, not regional states.

8.

IRAN SIGNALS ESCALATION IF U.S. MILITARY PRESENCE CONTINUES: Iran says that if attacks on its territory continue, it will expand strikes against U.S. assets across the region. Tehran frames this as restoring strategic balance: if Iran's existence is threatened, U.S. military presence in the region will also be targeted.

9.

IRAN SAYS THE WAR ENDS WHEN EXTERNAL ATTACKS STOP: Iran's stated endgame is simple: if the United States and Israel halt their military operations, Iran says it will also stop fighting and return to diplomacy. Tehran maintains that it has no objective beyond defending

Source: YouTube Video of Conference Interview

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