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# Playing the same card, over and over

By Amanda Taub

Iran has emerged from the war with the United States and Israel with at least one clear win. It has demonstrated the value of its control over the Strait of Hormuz, a vital waterway through which about 20 percent of the world's oil transited before the conflict began.

Iran's capacity to close the strait — and in doing so, bring parts of the global economy to a standstill — was its primary source of leverage during the war. Most analysts think it's the reason President Trump was so intent on ending the conflict that he made a cease-fire deal on terms widely viewed as favorable to Iran.

In the weeks since that deal was signed, Iran has shown that it will continue to use the strait, both as leverage in ongoing peace talks — it staged new attacks on ships passing through the strait last month — and as a revenue generator. Last week, my colleagues reported that Iran and Oman are moving forward with plans to collect payment for ships moving through the waterway.

That's a lot of times to play the same card over and over.

The importance of the Strait of Hormuz rests on its status as a choke point. Extremely important commodities such as oil, gas and fertilizer pass through it, and, having grown accustomed over decades to open waterways, the world currently has few alternatives.

But if Iran causes enough trouble, for a long enough time, that may change.

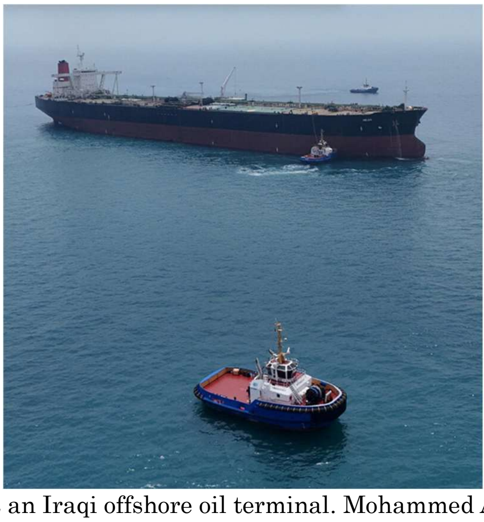
The question now is whether — after this year's stunning demonstration of both Iranian power and global vulnerability — Iran can preserve the strait's strategic value, or whether it will turn it into a wasting asset.

## Iran's Catch-22

To maintain the value of the strait, Iran must manage a balancing act so delicate that it almost sounds like a Catch-22.

The strait can only be a source of leverage if Iran shows it's willing and able to close it again if its interests are threatened, said Emma Ashford, a senior fellow at the Stimson Center, a research institute in Washington. But the more that other countries believe Iran is likely to close the strait again in the future, the more they will invest in alternatives that make the waterway less essential, which would undermine its strategic value.

Can Iran give other countries enough confidence in the strait's remaining open that they will return to relying on it? Or will they treat this period as a signal to find alternatives, even if they are expensive and inconvenient in the short term, in order to reduce risk over the long term? I spoke to Vidya Mani, an expert on global supply chains at the University of Virginia. She told me there were some signs that the second scenario was already underway.



A tanker at an Iraqi offshore oil terminal. Mohammed Aty/Reuters

Mani said that she expected to see countries turn more toward renewable energy and other sources of oil outside of the Middle East in order to reduce their risk and increase stockpiles. Before the war, China had already developed a substantial buffer against Iranian disruption by stockpiling large amounts of oil. Other countries will most likely follow suit.

The United Arab Emirates, which already had one pipeline that allowed it to bypass the strait, is fast-tracking a new one that will double that capacity by 2027. The European Union is exploring new pipeline options of its own. Iraq and the Gulf states are also beginning to transport oil and other goods overland in order to ship them out of Syrian ports.

But Mani said alternatives for some industrial products were harder. Commodities like naphtha, helium gas and fertilizer require heavy industrial equipment and large amounts of energy to produce. Diversifying away from the Middle East will require significant investments in new manufacturing operations — a much more difficult and expensive shift than scaling up other sources of energy.

That gives Iran a slightly longer runway, but the same principles still apply: Choke points that become weaponized don't stay choke points for long, and countries that have been blackmailed once try their very best not to let it happen again.

The price of independence

After decades of globalization, in which the general trend was toward openness and reducing friction, countries are now waking up to the risks of relying on an interdependent system that can be turned against them.

Reducing interdependence comes at a cost: Higher prices at the gas pump and more expensive shipping. Before the war, many analysts didn't believe Iran would actually close the strait because of the pain it would cause Iran. All parties bear the costs of a world with more friction. But in a dangerous world, many are increasingly deciding that friction is a price worth paying.

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