

GEOPOLITICAL RISK OBSERVATORY

# War in Iran: possible developments

**An overview**

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## War in Iran: Possible developments

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### **Summary**

The evolving Iran conflict is shaping a risk environment defined by durable regime resilience, controlled escalation through asymmetric means, and the strategic centrality of the Strait of Hormuz. U.S. response options remain constrained by high operational risk, limited decisiveness, and significant political and economic costs, while recent military gains against Iran risk producing a structurally unstable equilibrium—where reduced conventional and nuclear threats coexist with persistent disruption capabilities and regional volatility. In this context, Washington’s medium-term posture is likely to unfold across competing pathways—escalation, containment, or diplomatic engagement—each characterized by complex trade-offs, uncertain outcomes, and a high sensitivity to time, market dynamics, and great power interactions.

### **Regime resilience and controlled escalation strategy**

Current trends appear to reinforce the scenario outlined in the Geopolitical Risk Observatory note of 6 March: the Iranian regime is likely to endure, at least in the medium term, with no immediate risk of internal implosion.

Iran is progressively asserting control over escalation through an effective mix of asymmetric instruments aimed at increasing the perceived cost of conflict:

- a calibrated “chaos strategy” targeting U.S. allies in the region;
- broad-spectrum asymmetric warfare; and

- a *de facto*, highly effective disruption of the Strait of Hormuz. This does not take the form of a conventional naval blockade, but rather of targeted actions – selective vessel targeting, deployment of mines, drones, and missiles – designed to generate systemic insecurity, sharply increase freight rates and insurance premiums, and render transit economically prohibitive.

### **U.S. response options: risks and limitations**

Washington faces a set of contingent options/short terms that are high-risk, politically costly, technically complex, and unlikely to be decisive.

In descending order of risk and exposure to hostile action:

- large-scale ground intervention (“boots on the ground”) – politically unviable for Trump;
- sustained naval escort operations – would expose U.S. forces to asymmetric retaliation, fail to ensure full security, entail legal and operational complications, and likely require a supporting ground presence along Iran’s southern coast;
- seizure of Kharg Island – it would trigger asymmetric retaliation against deployed forces, require substantial naval and air support, and generate further market shocks;
- strikes on Kharg facilities – would significantly impair Iran’s hydrocarbon exports, but expose regional energy infrastructure to retaliation and intensify U.S.–China tensions (while the U.S. decision to suspend sanctions on Iranian oil already in transit is not solely aimed at containing price pressures); and
- an operation to extract Iran’s stockpile of enriched uranium (approx. 440 kg) – high risk of failure (cf. Carter 1980), technically demanding and not strategically decisive. It would, however, deprive Tehran of a key coercive lever and carry strong symbolic value if successful.

### **Conflict protraction and macroeconomic implications**

Current dynamics point to a protraction of the conflict. Depending on its duration, the consequences are likely to be cyclical (price-level effects) and/or structural (energy supply constraints), resulting in sustained inflationary pressures and, over the medium term, stagflation risks.

### **Strategic imbalance despite military success**

Netanyahu has stated that the joint U.S.-Israel operation has effectively “obliterated” Iran’s ballistic capabilities and uranium enrichment capacity, two core war objectives.

Should hostilities continue, a structurally contradictory situation may emerge:

- Iran militarily degraded in its most advanced capabilities;
- nuclear risk significantly reduced and pushed further into the future;
- potential evolution of the regime toward more secular, though not necessarily more moderate, configurations;
- further consolidation of Israeli military primacy in the region, viewed with concern by Riyadh and Gulf states; but
- at the same time, continued Iranian control over Hormuz, persistence of asymmetric activity, and the risk of renewed Houthi operations in the Red Sea. The fate of Hormuz ultimately becomes tied to the outcome of the conflict.

Note: demining the Strait remains an open issue, likely to be prolonged and technically complex without at least partial Iranian acquiescence.

### **U.S. medium-term posture: competing strategic paths**

Under current conditions, Washington may orient its medium-term posture along the following lines:

- intensifying military escalation to degrade Iran’s retaliatory capacity and reduce its control over Hormuz – effectively forcing a de facto co-management arrangement between a persistent Iranian droit de regard and escorted transit for Western shipping. Escalate to de-escalate. Medium risk / moderate prospects of success / high Iranian resilience to escalation / insufficient guarantees and elevated costs for shipping operators / additional pressure on allies / but pragmatically viable and presentable as a “victory” / probability medium-high;
- securing Hormuz through large-scale military action: high risk / limited prospects of success due to Iranian asymmetric retaliation / significant regional spillover / increased pressure on allies / probability medium-low;
- freezing the status quo, effectively accepting regime survival in exchange for the lifting of Hormuz disruption: medium risk / implies engagement with Tehran / reputational costs for Trump / probability low;
- on the diplomatic track – in parallel with the options mentioned above –unlocking the Trump–Xi summit: a) renouncing the use of oil supply leverage vis-à-vis Beijing; b) seeking, in return, at least Chinese abstention on a UN Security Council resolution on freedom of navigation in the Strait and increased Chinese pressure on Tehran (and Moscow).

**Time as a critical strategic variable**

**Time** emerges as the key variable shaping these options. Relevant factors include: trends in energy and financial markets; assessments of Iran’s residual military capabilities; the state of U.S. military stockpiles; the evolution of U.S.-China relations; the cohesion of the MAGA constituency in supporting the administration’s policy line.

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