

Israel-Iran-US Conflict: Potential Scenarios

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Executive Summary:

- **US direct involvement is now the more likely scenario** in the current Iran-Israel conflict.
- Any US involvement is likely to provoke an Iranian response targeting **US military infrastructure**
- Please see below **potential scenarios** and their relative likelihoods.

US Involvement - 65%

Direct US involvement is the probable scenario. Should it occur, the focus will likely be on military and nuclear targets.

- The main objective will likely be the Fordow Fuel Enrichment Plant which is buried into the mountain and requires 'bunker buster' munitions to strike it. While the US possesses the munitions and the aircraft to carry out the operation, Israel does not.
- If the US does get involved, there is a low probability (less than 30%) that the US attack Iran's energy export infrastructure. The main focal point to watch would be Kharg Island which handles over 90% of Iran's oil exports.
- Energy infrastructure attacks would curtail Iran's oil exports, forcing Chinese buyers to find alternative crudes. This hit to supply would spike oil prices. This would seriously undermine President Trump's wider ambition to drive energy prices down and tackle inflation.

Negotiated Settlement - 25%

Looking at the prospect for negotiated settlement, the 'red lines' appear unmoveable for now. Israel is demanding no nuclear programme, zero enrichment, and no ballistic missile programme.

- Meanwhile, Iran is committed to all three and is publicly stating they won't negotiate until Israel ceases hostilities.
- The outlook for this scenario will become clearer if today's Geneva meeting goes ahead.
- Thus far, Iran's Foreign Minister Abbas Araghchi has tempered expectations of a breakthrough at diplomatic talks with European counterparts in Geneva today, saying Iran is "not prepared for talks with anyone while Israeli attacks continue," per Iranian state television.

No US Involvement, Israel Continues Operation – 10%

An Israeli operation would struggle to be sustained without US help: Israel likely lacks the military capabilities to successfully take out the key Fordow facility. If Fordow remains operational, Israel will have ultimately failed to achieve the goal of neutralising Iran's nuclear programme.

- Israel's Energy Minister Eli Cohen said Israel will "complete Iran task whether or not US joins," but adding that a US participation would "help the operation against Iran."
- However, military analysts still question Israel's ability to neutralise Fordow on its own. It would be lengthier and more complicated operation, all the while Israeli cities come under Iranian rocket fire and its interceptors deplete.

Iran's Potential Responses in the Event of US Involvement

Short of full Iraq-style occupation of Iran by the US – a scenario that is very unlikely - Iran is unlikely to abandon its nuclear programme regardless of military action from Israel, or even regime change. Hence, it is likely to try and accelerate its nuclear programme post conflict.

- As a response to US involvement, Tehran is likely to be forced to respond to US aggression. The Islamic Republic has number of potential methods of retaliation.

Iran Focuses on US Military Infrastructure in the Middle East - 75%

Iran is most likely to attack US military targets in the Middle East as a response to US direct involvement.

- While energy output would not be a target, the conflict could still indirectly disrupt operations for oil and gas loadings in the Straits of Hormuz and push up prices.
- Freight rates for oil and LNG tankers would also rise given the heightened risk of operating within an active war zone.

Strikes on Energy Infrastructure - 17%

Oil and gas production and logistical facilities within Gulf countries is unlikely to be a direct target - it would also impact Iran's ally China, a key buyer of Middle East oil and LNG.

- Gulf countries have also condemned Israel's operation, providing Iran little incentive to target wider civilian infrastructure beyond US regional bases.
- If infrastructure is struck, it is more likely to come due to an accidental strike. However, this could risk further escalation and shift the position of Gulf Arab states.

Closing the Straits of Hormuz - 8%

Iran could attempt to close the Straits of Hormuz, but this is logistically difficult without assistance from Oman.

- In addition, the US fifth fleet stations in Bahrain would respond and could help escort vessels through the Gulf.
- Iran would also undermine its own oil exports via the Straits of Hormuz, so an attack on Kharg Island would be a prerequisite.