

To: Secretary General of the United Nations António Guterres

From: John Andrews (L.J.)

Subject: A Solution to Ensure the Strait of Hormuz Stays Open Unconditionally

Date: December 5, 2018

Overview

The Strait of Hormuz is the only passage between the Persian Gulf and the open ocean and a strategic point for trade between the Middle East and the world, especially in oil. The Strait's narrowest point is 21 nautical miles, and Iran controls it.¹ Iran has used the Strait as leverage, most recently by threatening to close it if the U.S. enforces sanctions against Iran's oil exports.² Closure would bar maritime trade between Persian Gulf states and the world. Iranian President Hassan Rouhani declared, "The Americans have claimed they want to completely stop Iran's oil exports..."³ The U.S. has implemented oil sanctions because it believes Iran is pursuing weapons of mass destruction and amplifying instability in the Middle East.

Problem

Iran's frequent threat to close the Strait of Hormuz cannot be taken lightly. While Iran lays claim to the Strait, more than 30 percent of the world's oil exports traverse it.⁴ In 2016, 18.5 billion barrels of crude passed through the waterway, about one-third of all seaborne-traded crude oil, according to the U.S. Energy Information Administration.⁵ Oil remains essential for

¹ Briney, 2017

² Cohen, 2018

³ Startfor, 2018

⁴ Lockie, 2018

⁵ Regencia, 2018

the international community despite the development of alternative energy sources, supplying 33 percent of world energy.⁶ Oil fuels transportation, heating services, and power generation among many other uses. Any attempt by Iran to close the Strait would carry severe consequences for the global economy by hurting world oil supplies and prices. Although simply a threat now, the existence of Iran's ability to cut the world oil supply is dangerous.⁷ "Consequently, threats to the Strait of Hormuz, whether realistic or not, drastically affect market certainty because all of the world's big oil or natural gas importers — including the United States — depend on the secure passage of shipping through the strait."⁸

The reason the problem has not been solved yet is because Iran sees its threat to close the Strait of Hormuz as one of its few points of potential leverage against the U.S. and other foes. The U.S. and its allies, such as the U.K. and France, have much stronger military and naval power than Iran. According to the Global Firepower rankings, the U.S. ranks number one, the U.K. ranks six, and France ranks five, with Iran ranking 13.⁹ These states also have monetary superiority over Iran. The U.S. dollar, British pound, and Euro are exponentially more valuable globally than the Iranian rial, which equals 0.000024 of a U.S. dollar.¹⁰ Iran may hope that threatening to close the Strait will make other countries nervous enough that they will put pressure on the U.S. to ease sanctions on Tehran and negotiate on points of longstanding contention. Therefore, it would be in the world's best interest to put the Strait under U.N. control and declare the waters international. I propose a three-step solution that would prevent closure of the Strait while also ensuring Iran's sovereignty and enhancing its economic security.

⁶ Clemente, 2015

⁷ Stratfor, 2018

⁸ Ibid., 2018

⁹ Global Firepower ranking, 2018

¹⁰ Money Exchange Rate, 2018

Solutions

In return for ceding control of the Strait to the U.N., Iran must receive guarantees to protect its sovereignty as well as its economic and military security. For the first part of the solution, Iran's claim to the land bordering the Strait and the resources in the waters should clearly remain. No country should be permitted to travel along the border or on the land surrounding the Strait without Iran's consent if applicable. The waters should be declared international for transportation purposes only. Iran must be promised that food, oil, and other resources in the waters could only be exploited for itself. Any involvement by another country to use the Strait for reasons other than trade transportation would result in economic sanctions for said country. This rule should apply to other countries along the Persian Gulf as well. Guaranteed protection of Iran's sovereignty is the backbone to the proposal. Without it, Iran would not be inclined to back down on its threat.

The second part of the solution would be to guarantee Iran that, as long as it did not interfere with U.N. control of the Strait, there would not be any U.N. or other sanctions on its oil exports under any circumstance. All sanctions on Iranian oil exports should be lifted, including those that the U.S. recently re-imposed. A guarantee of no oil sanctions would strongly incentivize Iran to agree to internationalize the Strait peacefully because oil is critical to Tehran's own economic security, generating most of its revenue.¹¹ Otherwise, military conflict would be likely if Iran closed the Strait. In such scenario, "...the U.S. and our Arabian Gulf allies would be able to open it in a matter of days," according to former Adm. James Stavridis.¹² To ease any Iranian objections that a promise against oil sanctions is not credible, the U.N. could promise to

¹¹ Iran, 2016

¹² Lockie, 2018

punish states that violate this guarantee by imposing U.N. sanctions on them. One objection from Washington and possibly other governments would be that this pledge would end their strongest economic tool against Iran because oil is Tehran's most vital asset. To ease such objections, the states would retain the right to impose other, nonoil sanctions against Iran in the future, including financial sanctions impeding Tehran's access to U.S. dollars and international banking. The ability to apply nonoil sanctions against Iran would also help counter possible objections by the U.S. and its allies that the removal of oil sanctions might allow Iran to build its economic power sufficiently to undermine the deal and threaten to close the Strait again in the future. In this case, however, the militaries of the U.S. and other U.N. members would deter Iran. War in and around Iran would not only cripple its economy, but also could allow rebel groups such as ISIS to rise in the area. A peaceful outcome, such as forbidding oil sanctions, would be in all parties' best interest.

Third, absent a state of war, the U.N. must promise Iran that there would be no foreign military presence in or around the Strait. This promise would mean, for example, that the U.S. would remove the aircraft carrier USS Theodore Roosevelt from the area. Any attempt by a foreign country to assert military dominance in the vicinity, with the exception of Iran's and Oman's border security on land, would result in economic sanctions for said country. For security purposes, a small U.N. military presence could be established in the area. Possible objections, however, could arise. For example, some U.N. members may object to funding the proposal, considering Iran is only threatening to close the Strait. To help support the budget for enforcement, the U.N. could consider a prorated tax on oil exporters or importers who rely on the Strait.

One major objection to negotiating this deal is that it might have a reverse effect. Instead of easing tensions and improving relations between Iran and the West, Tehran might feel inferior and bullied into agreeing to cede control and keep open the Strait. If Iran elected to close the Strait, however, it would be preferable for Tehran to strike a deal to open it rather than face U.S. and other military forces. Another objection might be that this agreement could set a precedent for internationalizing other regions or perhaps resources, which could spark heated debate worldwide. Furthermore, longstanding distrust between Iran and the West, especially the U.S., may keep them from thinking this proposal is credible.

Communication between the Iranian ambassador to the U.N., Gholamali Khoshroo, and the U.N. Security Council would be vital to ensure that no countries violated the agreements. Another solution in the long run would be creating a committee between Persian Gulf states and U.N. Security Council members to ensure peaceful transportation around the Strait. This committee could include the U.A.E, Bahrain, Kuwait, Saudi Arabia, the U.K., China, and others. It would be crucial for the U.N. to remain open to adding to the committee whomever Iran is interested in trading with in order to show unwavering determination to build relations not only between the U.S. and Iran, but also between the West and the Middle East.

It is without a doubt that Iran closing the Strait of Hormuz would hurt all parties involved in oil trade in the Persian Gulf. A closure of the waterway, especially a sustained one, could send the global economy into a tailspin.¹³ This situation would result in the U.S. and others using military intervention in the region, which could lead not only to stoppage of oil transportation, but also to war that could escalate and result in loss of life. A further limitation to this proposal is

¹³ Cohen, 2018

that world oil supplies and prices would remain vulnerable to other disruptions, such as war, natural disasters, and production problems in oil producing countries. A final limitation is that the plan, even if implemented, would not solve broader tensions between Iran and the West or other disputes in the area.

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