

# Iran Conflict Speculation

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On the early morning of February 28<sup>th</sup>, a joint US and Israeli military operation started against Iran. An all girl primary school was destroyed killing more than a hundred young girls and parents.<sup>1</sup> Among the initial hits was also the decapitation of Iran's top leaders as well as related family members.<sup>2</sup>

Fast forward to today, approximately one month from the start of the conflict, which many in the West have called "A War of Choice by Donald Trump"<sup>3</sup>, the aerial bombardment by the US and Israel continues, along with Iran's missile and drone retaliations on Israel and the Gulf Cooperation Council<sup>4</sup> (GCC) states.



Figure 1: Strait of Hormuz

Damages have been sustained by ships, docks, storage facilities, and refineries on both sides of the conflict. Civilian sites including but not limited to schools, hospitals, hotels, and airports, have also been hit. The Strait of Hormuz has been closed or severely restricted by Iran. Oil tankers from certain countries such as China, and Pakistan are allowed through. Other tankers that are not affiliated with the US or Israel are allowed to pass as long as they pay a \$2 million USD toll fee in CNY. Twenty percent of the world oil supply goes through this strait, and the traffic has been reduced to 94% since the conflict began.<sup>5</sup> As a result, oil prices are climbing; as of today, it is at \$109-113 per barrel (Brent Crude), and \$95-100 per barrel (WTI).

The war has further expanded on the Northern border of Israel with Lebanon and the Houthis in Yemen have started to attack Israel with rockets and missiles.

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<sup>1</sup>US and Israel's strategy to kill Iran's top figures may prove counterproductive ( [The Guardian](#) )

<sup>2</sup>Decapitation Strikes Reshape Iran's Leadership ( [Modern Diplomacy MD](#) )

<sup>3</sup>Trump's Enormous Gamble on Regime Change in Iran ( [Atlantic](#) )

<sup>4</sup>Gulf Cooperation Council ( [Wikipedia](#) )

<sup>5</sup>Hormuz ship traffic down 94pc since Iran conflict began ( [Argus](#) )

The US administration claims ongoing negotiation is happening with Iran, but Iran denies this. Israel wants complete destruction or disintegration of Iran so they will not be a future threat. Iran wants the same of Israel.

The US military has mobilized ground troops and the initial contingent of 2,500 US Marines of a Marine Expedition Unit (MEU) has already arrived into the theatre, with the remaining troops due to arrive in the coming days. The total number of ground forces is expected to be more than 10,000.

The likelihood of a cease fire or any kind of de-escalation at this point is small to none given that both Israel and Iran see this as existential for them, and both would like to see the other party degraded to the extent that they can ensure or control a future peace under their terms. The US would like to end this conflict immediately but with minimum damage to the global economy preferably having the Strait of Hormuz to be fully opened as it was prior to the conflict.

Iran's desirable goal is to have US influence be gone from the Gulf along with US military bases and assets, while retaining the current control of the Strait of Hormuz. A bonus will be a severe reduction of Israel's military might. Both of these are currently unacceptable to both the US and Israel. This means the time for diplomacy is still not suitable until the pain for Israel or the US has reached a level that they are even willing to consider something close to Iran's demands.

The US has lost all initiative on the matter and their choices most probably boiled down to two.

1. Declare a pseudo-victory and leave the conflict;
2. Continue the escalation with previously mentioned ground forces in the hope to neutralize the Iranian forces and their capabilities so that the Strait of Hormuz can be brought under US control, and the enriched nuclear material can be found;

The first option will not resolve the conflict, because Israel and certain GCC state such as Saudi Arabia like to continue to prosecute the war. A Gulf region with Iran asserting economic control through the Strait of Hormuz is an unacceptable outcome. Therefore, there is little choice but for the US to escalate this conflict and ground action will be very likely in the coming days.

Given Iran's geography and their capability to control the Strait of Hormuz through the use of missiles that can be fired from hundreds of miles away, the US ground troops at current projected strength will do little but to further inflame Iran's resolve and will cause more retaliation on GCC's oil infrastructure, causing long term damage to the Gulf's oil centric economy.

It is a near certainty that US ground operations will begin. Once the US military mobilizes forces to an existing theatre in conflict, rarely they are not put to use. The ground battle will be the US's Hail Mary attempt to regain the initiative and control of the Strait of Hormuz.

The fight will continue on both sides until one side can no longer bear the pain. Of the three parties, the US has shown historically to have the lowest pain threshold for these conflicts especially when ground troop casualties are being inflicted. Also, global supply chain stress and US domestic inflationary pressures will also cause US to quickly exit from this conflict. Once the US decides to check out of the conflict, they will force Israel to stop as well because ultimately it is the US that fuels Israel's weaponry.

If Iran survives, they will be left in control of the strait under their terms of operation. The GCC states will have little say but to kowtow to the new economic conditions of the Gulf, which will be dictated by Iran. Defeat for Iran will be too great to bear, so they will have the greatest motivation of the three parties to see this through with the highest pain threshold. Marco Rubio, the US Secretary of State, is already gas lighting this potential outcome.<sup>6</sup>

If this becomes the final outcome, then GCC states may also shift their financial investments away from the US and look Eastward towards countries like China, India, and Pakistan for both economic and security support. To some extent this is already happening with a defense agreement between Saudi Arabia and Pakistan.<sup>7</sup>

Other corollary impacts will include a global recession caused by inflationary impacts due to higher oil prices which will further impact logistical costs and feeder stocks to many downstream supply chains, such as plastics. There are other products such as fertilizers and helium that will also impact other industries such as farming and semiconductors.<sup>8</sup>

There may be a silver lining, an accelerated adoption of electrical vehicles and other forms of renewable energy sources and production. China's exports may continue to grow, as a result of this conflict.

Time will tell whether the above speculative outcome will come to fruition or not. If not, there are worse outcomes which will not be covered here. One thing is for sure, there will only be losers from this conflict. This speculative outcome may be one with the least amount of damage. It is a certainty that the world will change after this. It is just how much.

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<sup>6</sup>Rubio warns Europe that Iran could impose 'tolling system' on Strait of Hormuz ( [The Hill](#) )

<sup>7</sup>Understanding the Pakistan – Saudi Defense Agreement By Nawal Nawaz ( [Global Security Review](#) )

<sup>8</sup>The Iran war cripples Asia's supplies of fertilizer and helium, threatening farms and chipmakers alike ( [Fortune](#) )