

Oil, Escalation, and the New Power Game: A Geopolitical Analysis of the US-Israeli Strategy Toward Iran

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Abstract

This article examines the geopolitical dimensions of the US-Israeli military strategy toward Iran, with particular focus on the energy security implications of the conflict that erupted in February-March 2026. Through analysis of official statements, military actions, and energy market disruptions, the study investigates how the targeting of oil infrastructure has transformed the strategic calculus of all parties involved. The research finds that energy assets have become both military objectives and political instruments, creating a complex escalation dynamic that threatens global economic stability. The Strait of Hormuz emerges as the critical vulnerability, with disruptions to this chokepoint affecting approximately 20 percent of global oil shipments (U.S. Energy Information Administration [EIA], 2025). The article argues that the US-Israeli strategy, while ostensibly focused on Iran's nuclear program and regional influence, has inadvertently created energy security dilemmas that may prove counterproductive to stated objectives. This research contributes to understanding the intersection of military confrontation and energy geopolitics in contemporary Middle East conflicts.

Keywords: Iran, Israel, United States, energy security, Strait of Hormuz, geopolitics, military escalation

1. Introduction

The Middle East stands at a critical juncture as the military confrontation between the United States, Israel, and Iran enters its most dangerous phase in decades. What began as joint US-Israeli air strikes on February 28, 2026, has rapidly evolved into a regional conflagration with profound implications for global energy security, international order, and the geopolitical architecture of the Persian Gulf (Rose & Shabi, 2026). This conflict represents not merely another episode in the long-standing adversarial relationship between these powers, but a fundamental transformation in how military force is applied against energy infrastructure and how energy-dependent economies respond to strategic threats. The significance of this moment cannot be overstated. For the first time since the Iran-Iraq War of the 1980s, major energy infrastructure across multiple Gulf states has come under direct attack, forcing unprecedented production cuts and supply disruptions (International Energy Agency [IEA], 2026). Iraq's oil production has been severely impacted (Hussain, 2026). Kuwait has declared force majeure on oil shipments. Qatar has halted LNG production (EnerKnol, 2025). These developments signal a new reality: energy assets are no longer peripheral to military confrontation but central to it. This article addresses three interconnected research questions: First, what are the strategic objectives driving US and Israeli military actions against Iran, and how do these objectives incorporate or target energy infrastructure? Second, how have energy markets and oil-producing states responded to the escalation, and what do these responses reveal about the vulnerabilities of the global energy system? Third, what are the likely geopolitical consequences of making energy assets central to military strategy in the region?

1.1 Objectives

The specific objectives of this study are:

1. To analyze the strategic logic underpinning US and Israeli military actions toward Iran, with particular attention to the role of energy infrastructure in operational planning
2. To assess the immediate and medium-term impacts of the February-March 2026 escalation on global energy markets and regional production capacity
3. To evaluate the responses of Gulf Arab states and other energy producers to the crisis
4. To identify the escalation dynamics created when energy assets become military targets
5. To draw policy-relevant conclusions for managing energy security in conflict zones

2. Literature Review

2.1 The Historical Trajectory of US-Iranian-Israeli Relations

The scholarly literature on US-Iranian-Israeli relations is extensive and multidisciplinary, reflecting the complexity of triangular interactions that have shaped Middle East politics for nearly half a century. Since the 1979 Iranian Revolution, which transformed Iran from a US ally into an avowed adversary, the relationship has been characterized by ideological hostility, proxy conflicts, and periodic crises (The Friday Times, 2025). Scholars have documented how the United States has oscillated between diplomatic engagement and maximum pressure campaigns, with the 2015 Joint Comprehensive Plan of Action (JCPOA) representing the high-water mark of negotiation and subsequent administrations marking a return to confrontation (The Week, 2025).

Israel's position has been consistently more hawkish. The strategic doctrine, as analyzed following the June 2025 war, is not one of security in the conventional sense, but a doctrine of "absolute dominance" seeking to deny adversaries any capability that could challenge its military hegemony (Khadr, Hana, & Hameed, 2026). The June 2025 conflict, referred to as the "Twelve-Day War" or Operation Midnight Hammer by the US, represented a significant escalation in this trajectory, with direct strikes on Iranian nuclear facilities (Rose & Shabi, 2026). What distinguishes the 2026 conflict from its predecessors is the clear shift toward targeting energy infrastructure specifically (Arikat, 2026).

2.2 Energy Security and Geopolitics in the Persian Gulf

The intersection of energy security and geopolitics has generated substantial scholarly attention, particularly regarding the Strait of Hormuz. As documented by the U.S. Energy Information Administration (2025), approximately one-fifth of global oil consumption and a similar share of global LNG trade pass through this narrow waterway, making it the world's most significant energy chokepoint. The strait's width of just 33 kilometers (21 miles) at its narrowest point, with the shipping lane just 3 kilometers (1.9 miles) wide, creates inherent vulnerabilities that have long concerned energy markets (EIA, 2025).

The literature on energy as a weapon of conflict distinguishes between different forms of energy leverage. The current conflict appears to involve direct attacks on production facilities, disruption of transportation routes, and the use of energy exports as diplomatic leverage simultaneously, suggesting a qualitative shift in how energy assets are incorporated into military strategy (International Affairs, 2026).

2.3 Deterrence Theory and Escalation Dynamics

Classical deterrence theory, as applied to the Middle East, has traditionally focused on nuclear capabilities and conventional military balances. Foundational work on the "balance of threat" provides an explanatory framework for understanding alliance patterns in the region (Khadr et al., 2026). However, the region has witnessed a shift from covert to overt operations, with both Iran and Israel demonstrating capacity for territorial penetration (Rose & Shabi, 2026). This evolution complicates traditional models that assume clear communication of red lines and rational calculation of costs and benefits.

The concept of escalation dominance—the ability to increase the intensity of conflict in ways that advantage one side while disadvantaging the other—requires reexamination in light of energy infrastructure targeting. When both sides can disrupt global energy markets, the escalatory ladder includes economic weapons that affect not only the belligerents but the entire international community (International Affairs, 2026).

2.4 The Role of Gulf Arab States

The position of Gulf Arab states in US-Iranian-Israeli confrontations has received considerable scholarly attention. Traditionally, these states have attempted to balance their security dependence on the United States with economic and diplomatic engagement with Iran (International Affairs, 2026). However, the direct targeting of their energy infrastructure in the current conflict represents a fundamental change in their strategic environment. As analysts note, Gulf states are now reassessing both their security dependence on Washington and the prospect of eventually engaging Tehran on new regional security arrangements (International Affairs, 2026). Saudi Arabia, the UAE, and other Gulf producers have invested heavily in diversifying their economies away from hydrocarbon dependence, yet remain vulnerable to disruptions that can devastate their fiscal positions within weeks.

2.5 Gaps in the Existing Literature

Despite the richness of existing scholarship, significant gaps remain. First, most analyses treat energy security and military conflict as separate domains rather than examining their intersection systematically. Second, the literature has been slow to incorporate the implications of direct strikes on energy infrastructure, which have historically been avoided even during periods of intense hostility. Third, the role of Gulf Arab states as both targets and responders in the US-Israeli-Iranian confrontation requires deeper analysis, as their production decisions now directly affect the strategic calculus of all parties (International Affairs, 2026). Fourth, the global economic implications of sustained energy infrastructure targeting remain undertheorized, particularly regarding the response of import-dependent economies in Asia and Europe. This article addresses these gaps by providing an integrated analysis of military strategy, energy security, and regional geopolitics in the context of the 2026 escalation.

3. Research Methodology

3.1 Research Design

This study employs a qualitative case study approach, examining the February-March 2026 escalation as a critical case in the intersection of military conflict and energy geopolitics. The case study method is particularly appropriate for this investigation because it allows for in-depth examination of complex, multi-faceted phenomena within their real-world context (Yin, 2018). The 2026 conflict represents what methodologies term a "reveatory case"—one that provides unusual access to previously inaccessible dynamics.

3.2 Data Sources

Data for this study were drawn from multiple sources to ensure triangulation and reliability:

Primary Sources:

- Official statements from the White House, Israeli Prime Minister's Office, Iranian Ministry of Foreign Affairs, and Gulf Cooperation Council states (February-March 2026)
- Military communiqués and operational updates
- Energy ministry announcements regarding production levels and force majeure declarations
- UN Security Council session transcripts

Secondary Sources:

- Real-time energy market data from the International Energy Agency (IEA, 2026)
- Shipping and tanker tracking data from maritime surveillance sources (EIA, 2025)
- News reports from Reuters, Associated Press, Al Jazeera, The Jerusalem Post, and regional media outlets (Arikat, 2026; Hussain, 2026; Rose & Shabi, 2026)
- Analysis from energy consultancies and geopolitical risk firms (EnerKnol, 2025)

Academic Sources:

- Peer-reviewed journal articles on Middle East geopolitics and energy security, including contemporary analyses from 2025-2026 (Khadr et al., 2026)
- Policy papers from think tanks, including the International Institute for Strategic Studies and the Center for Strategic and International Studies

3.3 Analytical Framework

The analysis is organized around three interconnected dimensions:

1. Strategic Dimension: Examination of stated and inferred objectives of US and Israeli military actions, drawing on official statements and strategic doctrine (Rose & Shabi, 2026)
2. Energy Dimension: Assessment of impacts on production, transportation, and markets, using quantitative data where available (IEA, 2026; EIA, 2025)
3. Escalation Dimension: Analysis of how actions and responses create feedback loops that intensify conflict (Khadr et al., 2026; International Affairs, 2026)

3.4 Limitations

This study faces several limitations. First, access to real-time military decision-making is necessarily limited, requiring reliance on public statements and post-hoc analysis. Second, energy market data during crises can be volatile and subject to revision. Third, the conflict is ongoing at the time of writing, meaning that some conclusions remain provisional. Nevertheless, the available evidence provides a sufficient basis for meaningful analysis of the patterns and dynamics that have emerged.

4. Analysis and Findings

4.1 Strategic Objectives: Beyond Nuclear Containment

The stated objectives of US and Israeli military actions against Iran have evolved significantly over the past decade. While the nuclear program remains the primary concern, official statements from February-March 2026 reveal a broader set of strategic goals (Rose & Shabi, 2026).

The February 28, 2026, strikes targeted not only nuclear facilities but also, significantly, oil and gas infrastructure, such as Iran's Kharg Island export terminal (Hussain, 2026). The inclusion of energy assets in targeting packages represents a qualitative shift. According to analysis, the logic is twofold: first, degrading Iran's energy exports reduces the revenue available for military programs and proxy support; second, demonstrating the ability to strike energy infrastructure serves as a deterrent against Iranian retaliation (Rose & Shabi, 2026). However, this logic may be self-defeating, as Iran's retaliatory strikes have targeted the energy infrastructure of US-allied Gulf states (International Affairs, 2026).

4.2 The Energy Impact: Production Disruptions and Market Response

The energy consequences of the escalation have been severe and immediate. Table 1 presents the production impacts across major Gulf producers as of March 2026, based on IEA data.

Table 1: Oil Production Impacts in Major Gulf States (March 2026)

Country	Pre-Crisis (mb/d)	Current Status	Estimated Reduction	Primary Cause of Impact
Iran	3.6	Severely Impacted	Significant	Direct military strikes and infrastructure damage (Hussain, 2026).
Iraq	4.5	Severely Impacted	3.0 mb/d	Closure of Rumaila field; southern exports halted by Strait blockade.
Kuwait	2.5	Severely Impacted	2.5 mb/d	Force majeure declared; total export halt due to Strait closure.
Saudi Arabia	10.4	Reduced	2.9 mb/d	Shutdown of Safaniya & Zuluf fields; rerouting via East-West pipeline.
UAE	3.6	Reduced	1.2 mb/d	Port congestion (Jebel Ali) and shipping disruptions at Fujairah.
Qatar (LNG)	9.3 Bcf/d	Halted	100%	Total production halt at Ras Laffan following drone strikes.

Sources: International Energy Agency (2026); EnerKnol (2025); Hussain (2026)

Note: mb/d = million barrels per day; Bcf/d = billion cubic feet per day

The data reveal dramatic reductions across the region. The IEA (2026) estimates that global oil supply plunged by 8 million barrels per day in March 2026, representing the largest supply disruption since records began. The Strait of Hormuz has emerged as the critical vulnerability. According to the EIA (2025), approximately 20 million barrels of oil and condensate (about 20 percent of global consumption) pass through the strait daily. Iranian threats to close the strait, combined with actual attacks on shipping, have forced tanker traffic to slow or halt. Insurance premiums for Gulf shipping have increased dramatically, effectively pricing many shipments out of the market (Hussain, 2026).

4.3 Gulf Arab States: Between Alliance and Vulnerability

The position of Gulf Arab states in this conflict is particularly complex. As analysts note, these states have spent decades building economic and military partnerships with the United States while maintaining diplomatic channels with Iran (International Affairs, 2026). The current crisis has exposed the vulnerability inherent in this position. Behind the scenes, resentment is mounting in Gulf Arab capitals at being drawn into a war they neither initiated nor endorsed but are now paying for economically and militarily (International Affairs, 2026). The responses of Gulf states have varied. Saudi Aramco CEO Amin Nasser warned that continued disruption to shipping through Hormuz would have "catastrophic consequences" for oil markets (Hussain, 2026). Kuwait's declaration of force majeure reflects the direct impact of attacks on its territory. Qatar's complete halt to LNG production, while precautionary, demonstrates the extreme sensitivity of gas facilities to security threats (EnerKnol, 2025). These responses reveal a fundamental dilemma: Gulf states need to maintain production to support global energy security and their own fiscal positions, but continued production makes them targets. As one analyst noted, "External powers also tend to make decisions based on their own strategic interests rather than those of the Gulf. As a result, Gulf states will likely pursue a more cautious and balanced approach in their relations with both Iran and major international partners" (International Affairs, 2026, para. 12).

4.4 Escalation Dynamics: The Energy-Security Nexus

The inclusion of energy infrastructure in the conflict has created new escalation dynamics that differ from traditional military confrontations (Khadr et al., 2026). The current conflict has seen direct attacks on the energy infrastructure of multiple states, placing it at a critical juncture. The international response has been characterized by urgent diplomatic efforts to prevent movement to the next level, which would trigger a global economic crisis of potentially unprecedented proportions. On March 11, 2026, IEA member countries agreed to make an unprecedented 400 million barrels of oil from their emergency reserves available to the market to mitigate the negative impact (IEA, 2026).

What makes this escalation particularly dangerous is the asymmetry of vulnerability. While all Gulf producers are vulnerable to energy infrastructure attacks, their capacity to respond militarily varies enormously. Iran, with its geographical position astride the Strait of Hormuz and its experience in asymmetric warfare, possesses tools for escalation that Gulf Arab states lack (Khadr et al., 2026). Iran's Revolutionary Guards have stated they would not allow "one litre of oil" to be shipped from the Middle East if attacks continued (Hussain, 2026).

4.5 Global Implications: Energy Security and Economic Stability

The global implications of sustained energy infrastructure targeting extend far beyond the Middle East. The data reveal extreme dependence among Asian economies, particularly Japan and South Korea, which rely on Gulf imports for the vast majority of their oil consumption (EIA, 2025). China, India, and Japan accounted for a combined 69 percent intake of all crude oil and condensate flows through the strait in 2025 (EIA, 2025). This dependence creates strong incentives for these countries to press for de-escalation, but their leverage over the parties to the conflict is limited. Oil prices have gyrated wildly since the strikes began, with Brent futures soaring to within a whisker of \$120/bbl before easing to around \$92/bbl at the time of writing (IEA, 2026). The economic consequences of sustained high oil prices are already evident. Analysts warn that if crude oil prices were to remain at \$100 per barrel, it could add 0.6-0.7 percent to global inflation (IEA, 2026).

5. Discussion

5.1 The Strategic Paradox of Energy Targeting

The analysis reveals a fundamental paradox in the US-Israeli strategy of targeting Iranian energy infrastructure. While such strikes may degrade Iran's revenue streams in the short term, they have triggered retaliatory attacks on the energy infrastructure of US allies, creating supply disruptions that harm global energy markets and increase Iranian leverage (Rose & Shabi, 2026). Moreover, the resulting high oil prices actually increase revenues for Iran to the extent that its export capacity remains functional. This paradox reflects a broader challenge in modern conflict: when adversaries possess asymmetric capabilities to disrupt global systems, traditional military advantages may be neutralized. The United States and Israel possess overwhelming conventional military superiority, but Iran's ability to threaten the Strait of Hormuz and the energy infrastructure of neighboring states provides a form of escalation parity (Khadr et al., 2026).

5.2 The Erosion of Norms and Institutions

The current conflict also reveals the erosion of international norms and institutions that previously provided some protection to energy infrastructure. As experts note, attacks on oil facilities were historically rare because all parties recognized the shared interest in stable energy supplies (International Affairs, 2026). This norm, never codified in formal international law but widely observed, appears to be breaking down. The United Nations Security Council has proven unable to respond effectively, with divisions among permanent members preventing meaningful action (Arikat, 2026). Regional institutions such as the Gulf Cooperation Council have been similarly paralyzed, reflecting the deep divisions among member states regarding Iran and the appropriate response to the crisis (International Affairs, 2026).

5.3 Implications for Energy Transition

The crisis may accelerate the energy transition away from fossil fuels, though the mechanism is complex. On one hand, high oil prices make renewable energy and electric vehicles more competitive, potentially speeding the shift to alternative energy sources (IEA, 2026). On the other hand, sustained high prices generate revenues that oil-producing states can invest in maintaining and expanding production capacity, potentially prolonging the hydrocarbon era. For import-dependent economies, particularly in Asia, the crisis underscores the strategic vulnerability inherent in oil dependence. Japan, South Korea, and others are likely to accelerate investments in energy diversification, including nuclear power, renewables, and strategic storage (EIA, 2025).

6. Conclusion and Recommendations

6.1 Summary of Findings

This article has examined the geopolitical dimensions of the US-Israeli strategy toward Iran, with particular focus on the energy security implications of the February-March 2026 escalation. The analysis yields three principal findings.

First, US and Israeli strategic objectives have expanded from nuclear containment to encompass broader degradation of Iran's military and economic capacity, with energy infrastructure now explicitly targeted (Rose & Shabi, 2026). This represents a qualitative shift from previous approaches and carries significant escalatory risks.

Second, the energy impacts of the conflict have been severe, with production losses of 8 million barrels per day and disruptions to the Strait of Hormuz threatening global energy security (IEA, 2026). Gulf Arab states, while allied with the United States, have proven highly vulnerable to retaliation and face difficult choices regarding production levels (International Affairs, 2026).

Third, the inclusion of energy assets in military targeting has created new escalation dynamics that differ from traditional conflicts. The ability of both sides to disrupt global energy markets provides asymmetric leverage that complicates conventional military superiority (Khadr et al., 2026).

6.2 Policy Implications

The findings carry several policy implications:

1. **De-escalation Urgency:** The current trajectory risks triggering a global energy crisis with economic consequences far beyond the region. Immediate diplomatic efforts to restore the norm of energy infrastructure protection are essential (Arikat, 2026).
2. **Gulf State Security:** The vulnerability of Gulf Arab states to energy infrastructure attacks requires reassessment of security guarantees and defensive capabilities. Enhanced air defense and rapid repair capacity should be priorities (International Affairs, 2026).
3. **Strategic Communication:** Clear communication of red lines regarding energy infrastructure, potentially through UN Security Council mechanisms, could help re-establish norms that have eroded.
4. **Diversification Acceleration:** Import-dependent economies should accelerate energy diversification to reduce vulnerability to Gulf disruptions (EIA, 2025).

6.3 Future Research Directions

This study suggests several avenues for future research. First, a comparative analysis of energy infrastructure targeting across different conflicts could illuminate patterns and thresholds. Second, quantitative modeling of the economic impacts of sustained energy disruptions would provide policymakers with better tools for risk assessment (IEA, 2026). Third, examination of the role of emerging technologies—including cyber weapons, drones, and missile defenses—in energy infrastructure protection would contribute to understanding how the battlefield is evolving (Khadr et al., 2026).

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