



Smart decisions. Lasting value.<sup>TM</sup>

# US/Iran Conflict and Trade

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January 10, 2020



# The Number of Issues We Could Review is Ridiculous

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- How did we even get here?
- How could the current conflict between the US and Iran effect supply chains?
- How could this escalate from the perspective of trade?
- What are the steps you need to take?

# Iran – Sanctions, Violence and Rhetoric

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- FDR – Saudi Arabia and agreement to protect the supply chain.
- Eisenhower Administration, Iran nationalizes the Oil industry and seizes assets from the British.
- Leadership in place are deposed and replaced by a newly empowered monarchy.
- Questions arise that US and UK intelligence Services are responsible.
- Nixon, the Gold Standard and the New “Petro Dollar.”
- Shah of Iran is overthrown – ending 2,500 years of an uninterrupted monarchy. This regime is replaced by a revolutionary, fundamentalist theocracy.
- Carter Administration – Hostages Crisis and a “Sanction Regime” begins in 1979.
- Iraq invades, then two years later, Iran invades Iraq.
- Reagan – US sends millions in military aid to Iraq as a check for the region.
- Bush - The US invades Iraq, the death of Saddam Hussein and a resulting power vacuum.

# Iran – Sanctions, Violence and Rhetoric

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- Iran's political position in the middle east lessens, deals begin to materialize.
- At the height of economic ruin, the Green Revolution Begins in 2009.
- Obama Administration - Proxy Wars begin: Libya and Syria.
- Obama – Iran/US Nuclear Accord: July 14<sup>th</sup>, 2015.
- May 18<sup>th</sup> 2018, US Withdraws from Nuclear Deal.
- 2019 – Straights of Hormuz seizures and conflicts, Iran resumes nuclear testing.
- US Embassy sacked in Iraq by Iranian special forces.
- 2020 US Drone Strike Kills General Soleimani and Abu Mahdi al-Muhandis.
- Iran continues attacks on US forces in Iran with a rocket attack on US Forces in Iraq.

# Understanding the Importance of the Straights of Hormuz

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- No other way to put this – these straits are the single most important oil passage way and also a strategic choke point in the Gulf of Oman.
- One Sixth of all global oil production and one third of all the world's LNG production transits this area.
- Higher oil process could easily result in higher shipping prices.
- Crude oil futures have been deeply effected.
- A real conflict brings up questions about the US Merchant Fleet and protecting mariners.

# More to Consider

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- Export compliance regarding any kind of technology previously sought by the Iranian administration will be more closely reviewed.
- Transshipment will be even more scrutinized.
- Global relationships with regard to Iran are complex as well:
  - UK
  - Canada
  - Japan
  - Russia
  - France
  - Saudi Arabia

# Preparing for the best case and worst case

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- Export compliance program had better be ready.
- Set up a call with your freight forwarders to understand their capabilities on denied party screening, transshipment defense and compliance support.
- Understand fully if your company has any ties with Iran.
- Consider that a protracted conflict could cause upward pressure on logistics prices.



# Thank You

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