

Washington's plan to isolate Iran is drifting towards a stalemate

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From the surface, the latest spat between the West and Iran looks like a step closer to war, with tensions reaching a fever pitch on both sides of this potential conflict. But upon closer examination however, present conditions are not particularly ideal for a preemptive strike against Iran. There is still much money to be made from the current crisis – on both sides, before the winds of war could be unleashed on the region.

As military posturing by the United States and Israel near the Strait of Hormuz reached a new level this week with announcement of <u>Austere Challenge 12</u>, a naval drill which looks designed to apply increased pressure on Iran to abandon their alleged nuclear weapons ambitions. At the same time, Iran has announced it will be shoring up its defensive positions by conducting its own war games in neighboring waters.

Real military conflict not looking favourable

Unlike Iraq or Afghanistan – two countries which offered little or no real military resistance when attacked by the US, Iran actually has the means to fight back and sustain its defensive position, as well as retaliate regionally, over a long period of time. Such a scenario may lead to a multi-regional World War III condition, and without a doubt, will be hugely unpopular in the West, plunging a global economy into a worldwide depression. In addition, the US and Israel have yet to secure Syria and eliminate the military might of loyal Iranian allies Hezbollah in Lebanon – which must be done in order for the US and Israel to gain the upper hand regionally. Both these points are key factors in achieving a green light for any preemptive strike against Tehran, and both lights are currently red.

Most experts are also in agreement that any serious clash between the West and Iran could result in a disruption in the flow of oil to a petroleum-dependent global economy that surely needs it now – more than ever.

These stark realities could be pushing the current standoff closer towards a stalemate, than towards the hot conflict that many mainstream media analysts are expecting to take place between now and spring 2012.

Signals from traditional US military and 'coalition' ally Great Britain are also not looking great. Addressing a recent conference entitled, "NATO and the Case for Collective Defense in the 21st Century" at Atlantic Council in Washington, the UK's Defense Secretary Philip Hammond clearly noted, "We would not be in favor of a preemptive strike on Iran."



Sanctions will not isolate Iran for long

US-led calls for economic sanctions against Iran may partially isolate Iran politically in the short term, but they do not have the teeth to sustain enough severe pressure over the long run.

Already this week, <u>South Korea announced</u> that it will still be buying Iranian crude oil in 2012. <u>China is also defying the US call for sanctions</u>, stating its plans to make Iran its second largest oil importer in 2012. In addition to these, another trading partner of Iran – <u>Japan, is expecting to receive an exemption</u> from US penalties on Japanese banks doing business with Iran. "We are not considering banning imports," *Japan Times* quoted a Japanese Foreign Ministry late last week.

Major oil companies are also represented throughout America's elite clique of foreign policy think tanks, and like their corporate siblings in the defense industry, they will also reap huge dividends from the appearance of instability and crisis around the Persian Gulf.

Unlike the steady dollar slide between 2007-2008 which help drive the oil price spike of over \$140 per barrel during the summer of 2008, this week's oil highs are a direct result of the war hype and threats. This will result in an overnight bumper economy for many of the OPEC petrol nations, as well as the major US oil distribution and retail corporations.

A New Cold War is emerging

The West's last real military standoff was against the former Soviet bloc which came to a political finale in 1991 following the disintegration of the Iron Curtain. It was the world largest-ever arms race, fueled by 20th Century power politics, played out in the form of a *Cold War.*

The real winners of this long Cold War between the West and the Soviet bloc was the military defense contractors who became incredibly wealthy and influential as a result of decades of 20th Century global power politics. Their influence remains to this day, and already, a handful of companies have reaped incredible rewards from the current protracted diplomatic deadlock with Iran. Some of these same corporations actually dictate most US foreign policy to a large degree, as their CEO's and board members also belong to the dominant think tanks including the *Council on Foreign Relations* and the *Atlantic Council* who actually dictate their international recommendations to Washington and London, whose governments then adopt these as official foreign policy. Their names include Lockheed Martin, General Electric, Raytheon, Boeing and others.

As the threat of a regional confrontation with Iran continues to drag it self out, the trend of profitability looks likely to continue as most of the West's regional partners continue to both re-arm and upgrade their own defense systems.

The Arab <u>GCC</u> countries like Saudi Arabia, the UAE, Qatar and Kuwait have already begun their process of re-arming. In December 2011, <u>the United States announced a \$3.48 billion arms deal with the UAE</u>, which included state-of-the-art THAD missile defense systems, as

part of a wider American effort to build up missile defenses among Gulf allies to counter Iran. In addition, the US and Saudi Arabia signed a \$1.7 billion deal earlier in 2011 to boost their Patriot missile batteries, and Kuwait put in their order to purchase 209 GEM-T missiles – at a cost of \$900 million. These regional missile defense strategies will also need land-based interceptors to knock out incoming missiles, backed up by a detection network... aboard a group of US Navy Aegis-class warships. By the time this current round of re-arming is complete US defense contractors will have seen a rise in profits which also means a rise in their all-important share prices.

Still, despite all these significant acquisitions on the part of the GCC so far, by no means do they provide blanket protection from an Iranian retaliatory strike. They are simply the latest chapter in that time-honoured tradition of Washington stoking regional tension on one hand, and America's arms industry bleeding the Arab states of hard cash for still more expensive military hardware on the other. The Arabs will obvious pay for their new military hardware from the recent surge in world oil prices.... caused by the continued hyping of a potential military confrontation which could block the oil industry's most key transit waterway – the Strait of Hormuz. One can see the geopolitical relationship between these events happening right now.

Here we have the ideal set of conditions for a *New Cold War* to emerge – one where the Western Axis powers of the US, Europe, Israel and the Emirates sit on one side, and Iran, Syria, China, Russia sit on the other. This Cold War will be more about sub-regional dominance in terms of economics – natural gas, mineral and trade relationships, than it will about the political ideologies that seemed to dominate the long infamous 20th Century face-off.

How long this current stalemate drags on is anyone's guess right now, but one thing is for sure- while it continues to brew, their is still massive profits to be made by key players in both the global defense and petroleum industries.

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