



IRAN, NUKES, & OIL: THE GULF CONFRONTATION

**Seminar:
NBC Executives and Producers**

12 January 2012

**BARRY R. McCAFFREY
GENERAL, USA (RETIRED)**

Biography of General Barry R. McCaffrey, USA (Ret.)



Barry McCaffrey served in the United States Army for 32 years and retired as a four-star General. At retirement, he was the most highly decorated serving General, having been awarded three Purple Heart medals (wounded in combat three times), two Distinguished Service Crosses (the nation's second highest award for valor) and two Silver Stars for valor.

For five years after leaving the military, General McCaffrey served as the Director of the White House Office of National Drug Control Policy (ONDCP). Upon leaving government service, he served as the Bradley Distinguished Professor of International Security Studies from 2001-2005; and an Adjunct Professor of International Security Studies from 2006-2010 at the United States Military Academy at West Point, NY. He served as an Associate Professor in the Department of Social Sciences from 1973-1976 teaching American Government and Comparative Politics.

General McCaffrey is a member of the Council on Foreign Relations and the Inter-American Dialogue. He has been elected to the Board of Directors of the National Association of Drug Court Professionals and the Atlantic Council of the United States. He is also Chairman of the Vietnam Veterans Memorial Education Center Advisory Board. He has served on the Board of Directors of several corporations in the engineering design, technology, and services sectors. He is on the Board of Directors of CRC Health Group – the nation's largest behavioral health care company.

General McCaffrey attended Phillips Academy, Andover, Mass.; and graduated from West Point with a Bachelor of Science degree. He earned a master's degree in American Government from American University and attended the Harvard University National Security Program as well as the Business School Executive Education Program.

In 2007 he was inducted into the US Army Ranger Hall of Fame at the US Army Infantry Center, Ft. Benning, GA. In May 2010, he was honored as a Distinguished Graduate by the West Point Association of Graduates at the United States Military Academy.

General McCaffrey is married to Jill Ann McCaffrey. They have three adult children and six grandchildren. Their son, Colonel Sean McCaffrey, is currently serving in Afghanistan.

Currently, General McCaffrey is President of his own consulting firm based in Alexandria, Virginia www.mccaffreyassociates.com. He also serves as a national security and terrorism analyst for NBC News.

Iran & The Gulf: Creeping Toward War



In my judgment we are now in a high risk situation in the Gulf--- with a significant probability of Iranian escalation in the coming 90 days.

We are ordering three US Navy carrier battle groups into the region.

A basic axiom of military operations starts with an assessment of enemy CAPABILITIES-- not enemy INTENTIONS.

There is now widespread intelligence agreement that the Iranians would be foolhardy (INTENTIONS) to blockade the Gulf inviting GCC and US retaliation-- and also shutting off their own oil exports which provides 80% of their foreign revenue.

There is also a widespread incorrect intelligence assessment that the Iranians lack the CAPABILITIES to shut down the Gulf exports.

NOT SO. They have three Kilo Class silent sub's and perhaps 19 other mini-sub--- a significant sea mining capacity—some extremely effective shore based missile batteries--- some highly effective air defense capabilities--- and a small number of high performance aircraft with missiles that could deny the two mile wide Hormuz sea transit zone to safe tanker traffic. They could also place the GCC/Saudi Gulf oil terminals at risk.

The latest saber rattling by the Iranian Armed Forces threatening the US Navy Carrier Stennis Battle Group to not return to the Gulf was significant. It was immediately and widely derided as an empty threat by 5th Fleet in Bahrain. In my judgment the US will not and should not place a carrier at risk in the narrow Gulf waters if combat operations are deemed likely. There is a high probability that the Iranians could SINK a US carrier (with 5000+ sailors) in these constrained waters with their current military capabilities. It would mean all-out war if that happened.

Driving this confrontation was the extremely unwise move by Congress to overwhelmingly pass legislation forcing muscular Administration action to economically strangle the Iranians ability to export oil. Obama felt politically he had to sign it. Diplomacy should be the lead of the White House NOT Congress. This ties Secretary Clinton's hands diplomatically. The Japanese get 65% of their oil-- and the Chinese 50% of their oil --- and the world 17% of their oil thru these narrow waters. We would have to spasmodically respond to Iranian interruption of the Gulf oil safe passage. We could not ignore a calculated interruption of transit.

We should not view the Iranian rhetoric as empty threats. They are likely to further escalate. There is great opportunity for miscalculation on their part. The Iranian regime is in political trouble domestically. They have a huge economic problem. They will not under any circumstance actually be deterred from going nuclear. They will achieve initial nuclear capability within 36 months.

If the Iranians actually take further military action as a provocation and warning to the West we have very few good options. Substantially eliminating the Iranian threat to the Gulf for safe transit would require a major US military air and naval action of several months duration. It is not clear if the Iraqis would support such action. All the GCC states would back the US as an opportunity to avert the coming nuclear threat from Iran. The Israelis should welcome such a confrontation. They have an existential threat to their survival looming in the very near

15% probability of major military action in the coming 90 days.

The Persian Gulf & Strait of Hormuz



- Gulf is 615 miles long; 210 miles at widest point.
- 21 miles wide through narrowest part of Strait of Hormuz.
- Two parallel shipping lanes – each 2 miles wide in the Strait.
- Border countries: Iran, Iraq, Kuwait, Saudi Arabia, Bahrain, Qatar, U.A.E.



Iran and Oil – What's at Stake?



- Population 77 million. (90% Shi'a Muslims.) (50% Persians.)
- 2010 GDP - \$863.5 billion.
- Iran -- 4th largest oil producer in the world – 4.1 million barrels per day.
 - Petroleum makes up 80% of all trade exports out of Iran.
- 50% of China's oil imports and 75% of Japanese imports travel through Strait of Hormuz.
- In 2011, an average of 28 tanker ships passed through the Strait per day. (Half are empty.)
- 17 millions barrels of oil moved through daily: 20% of all oil traded world-wide; 35% of all seaborne-traded oil.
- Options for moving oil to markets rapidly being developed for pipeline bypass.

Iranian Military Capacity 2012



- 545,000 Active Military including Revolutionary Guards. One million plus reserves.
- Giant, obsolete, poorly trained ground combat force with marginal out-of-area offensive punch. (3,300 armored vehicles – 3,200 artillery.)
- 20,000 Active Naval Forces – the elite service (3,000+ Marines):
 - 26 submarines. Three SSK Kilo Attack Subs (Val-Fajr torpedoes – 485 lb. weapon.)
 - 10 missile patrol boats with C-802 missiles – 70 mile range.
 - Mobile, land based anti-ship Seersucker missile batteries (Hy-2) with range of 100 kilometers.
 - Wide range of mine warfare boats (2,000+ naval mines).
 - Modern missile boats armed with anti-ship missiles. (Qader anti-ship cruise missile range 124 miles).
 - IGRC Naval Branch lead in the Gulf.
 - Iranian Navy lead in Gulf of Oman and Caspian Sea.

Bottom Line: This Naval Force can close the Gulf. They could sink a US carrier in the Gulf narrow waterway.

Iranian Military Capacity 2012 (continued)



- Iranian Air Power:
 - 52,000 Active Air Force.
 - 525 total aircraft. 312 combat aircraft.
 - Obsolete, poorly trained force on 14 operational air bases.
 - Capable of significant economic damage to Saudi/GCC oil shipping and production facilities during opening days of conflict.
 - Would be largely destroyed in 30 days.
- Air Defense Capability:
 - Weak command and control. Vulnerable to electronic warfare.
 - Some modern ADA (possible four batteries S300 missiles). (30 Tor-M point defense batteries.)
 - Would be initial priority for US air attack.
- Special Ops Capability – Islamic Revolutionary Guard Corps:
 - Quds Force, Hezbollah, Hamas combat multipliers.
- Declared Chemical Warfare capabilities.
- Probable Biological Warfare capability.
- Iran has between 300 and 400 Shahab-3 ground missiles that it can fire at Israel.
- Will have a dozen nuclear weapons within 5 years.

U.S. Global Naval and Air Power



U.S. Navy

(Second largest Air Force in the world)

- 324,209 active personnel
- 87,952 reserve personnel
- 285 battle force ships
- 3,700+ aircraft (11 Aircraft carriers)
- 22 Cruisers
- 60 Destroyers
- 75 Submarines
- 5th Naval Fleet has large presence in Strait of Hormuz.
- Probable three carrier battle groups within 60 days.

U.S. Air Force

(Largest Air Force in the world)

- 329,683 active personnel
- 68,872 reserve personnel
- 94,597 air guard personnel
- 5,500+ aircraft (2,100+ fighters)
- 450 ICBMs
- 32 satellites

Bottom Line: Capable of destroying Iranian air and naval power and nuclear facilities in a six month campaign.

Israeli Defense Forces



- Most modern, trained, lethal force in the Middle East.
- Active Military 187,000. Reserves 565,000.
- Air Force -- the elite service:
 - 750 aircraft
 - 83 F15/F15E
 - 203 F16
 - 7 air refuel
 - 100 attack helicopter
 - 20 F35 stealth fighters pending
 - Independent ISR satellite capability
- Air Defense:
 - Very sophisticated, to include against missile attack.
 - Patriot, Arrow, Stinger, I-Hawk, Iron Dome.
- Naval Power:
 - 3 Dolphin modern submarines with cruise missiles.
 - 3 corvettes
 - 10 missile boats
 - 42 patrol boats
- 150-400 nuclear and thermonuclear weapons.
- Chemical and Bio-warfare offensive capability.

The Gulf Confrontation: Conclusions



- Iran will have a nuclear capability of a dozen weapons within 60 months with the missile and fighter delivery systems required to strike targets in Israel, the GCC states, and regional US military forces.
- Iran has the naval power (mines, submarines, patrol/missile boats) and shore-based anti-ship missiles to close Gulf oil deliveries and strike Saudi/GCC petroleum facilities.
- US air and naval power could neutralize Iranian naval power and nuclear production facilities only with a sustained attack campaign of several months duration requiring Saudi and GCC basing support. The Gulf Arab states would support this operation.
- Iran has significant economic and political internal problems which when compressed by the recent US Congressional sanctions may cause it to implode at some point. Iran will not for any reason forsake its nuclear ambitions.
- The Israelis lack any credible conventional military power to counter the Iranian nuclear threat. Their forced option would be pre-emptive nuclear strike.
- There is a significant chance of Iranian miscalculation resulting in major military confrontation in the Gulf in the coming 12 months.

2012 National Security Challenges to America



- **#1 RISK** -- WITHDRAWAL FROM AFGHANISTAN:
 - 150,000 US/NATO forces 870 miles from the open sea.
 - Pakistan transit essential to logistics survival of the force.
 - 2014 declared withdrawal drives entire political/military calculus of the Karzai government and the Taliban.
- **#2 RISK** – Implosion of Iraq, aggression by Iran, and war in the Gulf.
- **#3 RISK** – North Korean transition fails. Military/nuclear confrontation.
- **#4 RISK** – Pakistan implodes – General Kayani and The Army/ISI lose control – security of 90-110 nuclear weapons at risk.
- **#5 RISK** – Chavez dies in Venezuela – Fidel Castro dies in Cuba – violent regime change takes place.
- **#6 RISK** – Mexico's next President (PRI) comes to an accommodation with the seven drug cartels. Rule of law collapses.

The Powerful US Global Economy

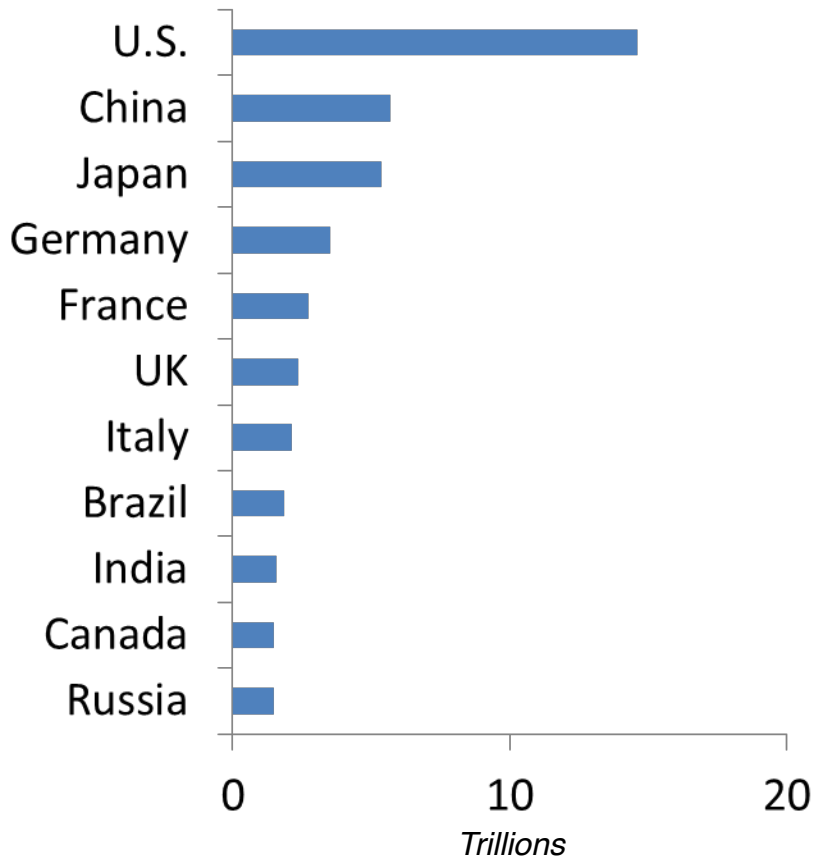


- 2010 global GDP was \$61.96 trillion
 - U.S. (population 307 million) contributed 24% (\$14.72 trillion)
 - China (population 1.3 billion) contributed 9% (\$5.745 trillion)
- Giant U.S. GDP:
 - Brazil GDP = Florida + Illinois GDP
 - Russia GDP = Texas GDP
 - India GDP = ½ of California GDP
- U.S. Defense spending 4.7% of GDP. (Includes war direct expenditures).
 - Operations in Iraq & Afghanistan have cost the U.S. \$1.1 trillion, with \$999 billion going to DoD, as of 1 September 2010.
- U.S. is a leading global exporter. (China \$1.58 trillion; Germany \$1.34 trillion; U.S. \$1.28 trillion -- 2010).
- U.S. is still the leading global manufacturing power. (21% of all global manufacturing output. America remains #1 manufacturing country out-producing #2 China by more than 40%).
- U.S. is the world's leading single-country exporter of agricultural products. (\$122 billion in 2010).
- The U.S. still has dominant efficiencies from the NAFTA market place.

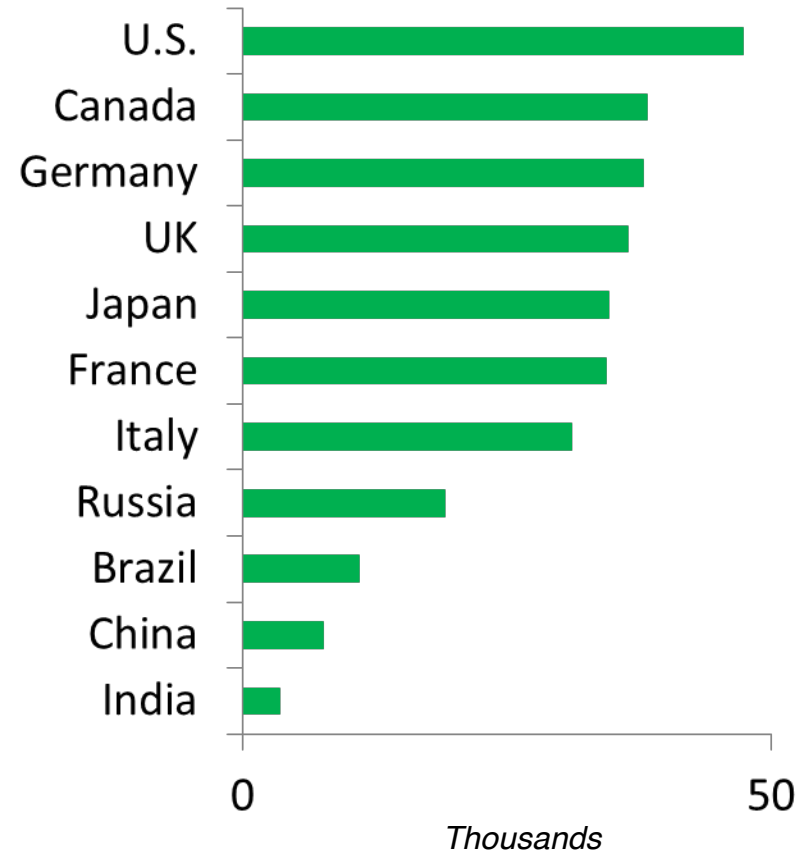
Putting a Value on America



2010 GDP

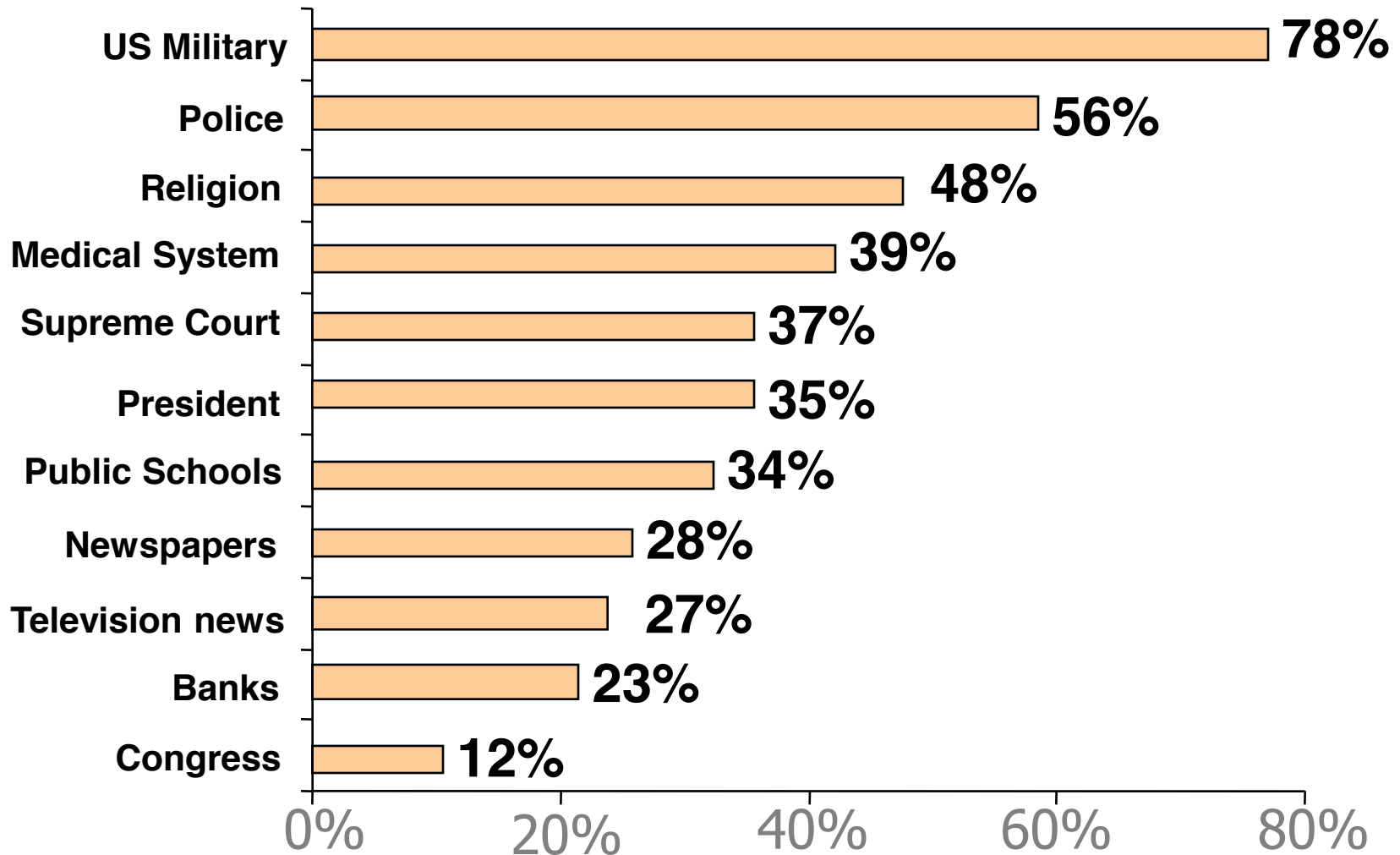


Per Capita



****All data retrieved from the CIA World Fact Book - 2010**

The American People: A Crisis of Confidence in Institutions



Source: The Gallup Organization, Poll dated June, 2011