

FDD Media Call: The Strait of Hormuz: The Military, Energy, and Economic Challenges

March 27, 2026

Featuring RADM (Ret.) Mark Montgomery, Richard Goldberg, and Max Meizlish

Moderated by Joe Dougherty

DOUGHERTY: Good afternoon, everybody. My name is Joe Dougherty. I'm Senior Director of Communications here at the Foundation for Defense of Democracies, a nonpartisan research institute focused on national security and foreign policy. We're grateful that you've joined us today as we discuss the Strait of Hormuz, the military, energy, and economic challenges. There is a lot to unpack here, so I'm pleased to share that we've got three outstanding experts on the call who will be addressing these key issues. We've got Rear Admiral (retired) Mark Montgomery, he is an FDD Senior Fellow and former commander of Carrier Strike Group 5, aboard the USS George Washington. Mark formerly served as policy director for the Senate Armed Services Committee, where he coordinated efforts on national security strategy, force posture, capabilities, and cyber policy. Mark served 32 years in the US Navy as a nuclear-trained surface warfare officer. His other flag assignments included Director of Operations (J3), US Pacific Command, and Deputy Director for Plans, Policy and Strategy (J5), at US European Command. And from '98 to 2000, Mark served at the National Security Council as Director for Transnational Threats.

Also with us today is Richard Goldberg. He is an FDD Senior Advisor and head of FDD's Energy and National Security program. Richard previously served as Senior Counselor for the White House National Energy Dominance Council, Senior Advisor to the Secretary of the Interior, and Director for Countering Iranian Weapons of Mass Destruction for the White House NSC.

And we have Max Meizlish. He's a Research Fellow in FDD's Center on Economic and Financial Power. Max is a former official with Treasury's Office of Foreign Assets Control, and his work focuses on economic statecraft with an emphasis on sanctions policy and implementation. His research also examines alternative financial messaging and payment systems, as well as digital identity and blockchain-based financial technology.

Some quick housekeeping before we begin the call. Today's conversation is on the record. We will share the video of today's call shortly after the call ends and the transcript within 24 hours, hopefully sooner than that. We'll work hard to make that happen. We will have a Q&A period after each of our speakers provide some opening remarks. To ask a question, per usual, you may type it into the chat feature and I'll be happy to read it aloud for you, or you may use the raise hand feature and you can ask your question directly. Okay. Enough for the housekeeping. Mark, you'll get us started. Over to you.

MONTGOMERY: All right, thanks. Thank you for having me. Thank you all for being here. A couple things I was going to deal with first, talk a little bit about how the lines of effort are going on the air campaign plan from my perspective, what's remaining there in the deliberate targeting plan, what a dynamic targeting plan will start to look like. And then talk about Kharg Island and any other island fiasco that we want to go down. So air campaigns. Look, I think the lines of effort are moving... I think if I was inside [CENTCOM Commander Admiral] Brad Cooper's head, he'd probably think he's five or six days behind on deliberate targeting, he might think he's on schedule. But I think we're in that small a margin when we're talking about where we're at there. Which is to say the idea of destroying missiles' or drones' launching TELs [Transporter-Erector-Launchers] and production, they have done a lot. And the big difference between this and any of our previous or Israeli previous attempts, is getting at the production facilities. And it seems to me that we're doing a reasonable job there.

The problem we have now is that probably the follow-on targets there are secondary and tertiary, which really provide for a lot of the rest of the Iranian economy. And so, as you go down that, that's a decision and you can take it. They're legitimate military targets. But how far deep they go in that is probably up in the air now.

I think he's doing okay on the naval things. I think the president's unhelpful when he says the Iranian Navy's been destroyed. It's like saying the Ukrainian Navy's been destroyed. It has. The Ukrainians still exert a lot of maritime power. And the Iranians may be able to still do that with mines, manned and unmanned surface craft and drones. So yes, 92% of the ships are sunk. I get it. That does not mean their maritime power's gone. So that's where I look at that one.



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The nuclear one's really hard to tell. Without any obvious move on Pickaxe Mountain, I'm not quite sure that we've finished that line of effort, but that might be one of the last ones. I think when I say we're shifting to the dynamic targeting plan, what we're talking about is shifting to a targeting plan that emphasizes setting the conditions around the Strait of Hormuz. And that's making very specifically there that the anti-ship cruise missiles, drones, mines and small attack craft are reduced, not eliminated, that's not realistic, but reduced to a military-risk-manageable level. And so, I suspect that's what's going on right now, and should be going on for the next week to 10 days. But the president's decision to move the new deadline to 10 days from now, I think that segues in perfectly. I'm not sure [CJCS] General Caine picked that deadline, but General Caine benefits from it greatly as we push towards that.

So that's creating those conditions that I expect the air campaign to be doing. I also think that means that our intelligence surveillance recognizance, what I would call the unblinking eye, while it has always been over Iran, it was probably very specifically over Iranian missile production for a while, I would suspect it's now shifting down towards really focusing on the Strait of Hormuz area. And what you're looking for is indications of weapon stowage, weapons movement, so that a plane assigned dynamic targeting missions can immediately put a weapon on it. Which gets into the discussion now is about Kharg Island militarily. This should not be hard. I've said it a few times. I hope most military commentators say this. Seizing Kharg Island, not hard. Holding Kharg Island, not smart. And instead of seizing or holding, I'd disrupt it. I'd remove its ability to have use to Iran, which has the same impact as seizing it. Not the same mental -- like I've grabbed your piece of property impact -- but it maintains the risk to force and risk to mission very low.

Let's say for a moment we seized it and you had to hold it. The risk to force would be high. You've now moved within FPV. I spent a lot of time in Ukraine. When you're 20 miles away, you're in prime FPV [First-Person View] targeting area. And we have not destroyed every First-Person View drone in Iran. That would be impossible to know. So they have these, they'll be able to strike these forces. As we've demonstrated, we have limited defense against these. We're in a tight known fixed area. They don't care which human they're hitting in Kharg Island, they're hitting a human, and this'll be very bad for our risk to force, the actual troops. But it's also a magnificent challenge to mission. So the risk to mission will go up because we're going to be required to put some kind of air defense assets around that island to prevent cruise and ballistic missiles from hitting it. If we dedicate ships or some other way... It'd be ships, I think, to that mission, they're not doing the mission in the Strait of Hormuz. Because these are the same ships. These are Arleigh Burke-class destroyers. So you would actually hurt your risk to mission on the primary mission.

And as I think we all understand, you can disrupt Hormuz two ways. You can seize and hold it, or you can announce to the Iranian shadow fleet, the next ship that goes up to tap off is going to get sunk. And as you see someone head towards you, you go, "Hey, you're 20 minutes out. We're going to sink you in 10 minutes. You're 15 minutes out. We're going to sink you in five minutes." And then we sink them. And when we've warned them like that, they're a lawful combatant working against our national interests. And that is not a hard hit. And all the other Iranian shadow fleet merchant ships are going to go, "You know, I don't think I want to be the next guy to experiment with the American air force." So I feel very comfortable that there's a way to prevent Kharg Island from being a transshipment area without seizing it.

For the smaller islands, I say, "Look, I've hated Larak. I've passed Larak Island 50 plus times in my career. Never enjoyed it. It's right in the middle of the strait. The Iranians are there. They're harassing, sending small boats out. I get it. It's a terrible place." I would remove all military components on the island kinetically. If you need to seize it for just a second to really get everything and then infiltrate, exfiltrate in 12 hours, no problem. I'm okay with that. Holding it it's the same thing. It's like saying, "Come get me." No need to do it. Once you've removed them from it's a marginal value. Kharg and Qeshm are a little bigger. Kharg's is bigger. They're both bigger than Larak. But Qeshm I wouldn't want to seize even for a little bit, I would just hit all the military targets on it. Same with Kharg. So these are not necessary.

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I'm not opposed to moving the MEU [Marine Expeditionary Unit] in to theater. It's a good idea. You need it for non-combatant evacuation operations. If stuff gets crazy around one of our embassies or consulates and US diplomatic personnel or expats are under duress, we can exfiltrate them with a MEU, that's a good idea, good risk management, probably should have been there even sooner. And the final thing I want to comment on is: allies. The president's discussion of the Royal Navy yesterday was embarrassingly wrong. Look, I've actually been on the Prince of Wales, the president hasn't. That's the aircraft carrier. I've commanded a carrier strike group, the president hasn't. And unlike the president, I fully understand that the Royal Navy would be a significant contribution to the United States effort. And continuing to insult them like that is contra-logical and counterproductive. It's not true and it doesn't help. He needs to knock it off.

And we have European allies that are willing to provide mine sweepers. We'll get mine sweepers if we push, easy. I was just in Lithuania last week. We'll get them from Poland, Lithuania, Estonia, Norway, the Dutch, the Danish, the English, the UK and the French. Those first ones all easily, with just the proper ask. And the problem is they're all going to get there in about 30 to 40 days, even if they decided to do it now because of the distance. I think we could probably get them from the Japanese and Koreans. They'd get there sooner. They maintain them at a higher level readiness, and it's a shorter transit. And I think we'd get them from the Australians. I think we could get destroyers from the Australians and from the UK. Again, it's counterproductive to insult our allies, simultaneously insult them, and then have Brad Cooper asking for help.

The president is doing... He really, really, really needs to just stop talking about allies other than to say, "Thank you for your service." And it would be helpful. Because we could use these. They're not determinative. In theory, we could probably execute this whole campaign without them, but in practice, it's going to make it easier. And once this campaign's over and we're in a sustainment phase, we're 100% going to need our allies to contribute to this. We should not be maintaining the Strait of Hormuz open on our own. This is an international waterway that many countries benefit at a much higher level of dependence than us for support. But again, you're going to get a lot more with sugar than you know what. So the president needs to just knock that off. It's not true. It's counterproductive and it's, like I said, inaccurate. All right, Joe, I'll kick it back to you for the next group.

DOUGHERTY: Thanks, Mark. And I think vinegar was the word that you were looking for.

MONTGOMERY: That would've worked. Oh, yeah. I thought it had four letters, but vinegar has, whatever that is, eight or seven. Okay.

DOUGHERTY: Appreciate that. Richard, over to you for the energy perspective.

GOLDBERG: Sure. I think despite four straight weeks of crazy hyperbolic statements about the energy market and \$200 barrel predictions that continue to make headlines on a daily basis, obviously we'll see what happens. We have an upward pressure today based on the Iranian statements and conduct overnight. But we are still maintaining between \$100 - \$110 on Brent [Crude Oil], \$90s on WTI [West Texas Intermediate]. A real ebb and flow on volatility based on headlines and statements and expectations management. It's far less a price premium, a risk premium, that is based on systemic issues, and far more a speculative premium based on duration expectation.

And the fact that there are talks going on, and an unknowable outcome of those talks with various leaks and various expectations and a whole built-up movement believing that [Vice President] JD Vance will be a hero and he's going to save the day and have an agreement. And the president saying that they want a deal. And then there's going to be talks and media reports saying that they expect a message coming back from the Iranians any moment in the next few hours. That is creating a downward pressure on that speculation.

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And obviously the Iranians see that. And whoever we are talking to, whoever we're dealing with in the rump regime, whether it is [Iranian Parliament Speaker] Ghalibaf or him via proxy of [new commander-in-chief of the Islamic Revolutionary Guard Corps Brigadier General] Vahidi or others, this is, to them, their leverage in whether or not they think they're going to get the best deal possible at the table for terms that are already going to be unfavorable to the rump regime.

And so, if they can counter the president's narrative, if they can turn ships around, even if they're Chinese, as we saw overnight, apparently with Costco shipping. If they fire on a tanker and have bellicose rhetoric, even if they are actually working on a response to intermediaries via Pakistan, they believe that that gives them some sort of leverage, because they're going to have an upward pressure on the price.

And so, I think the president has probably done a very good job, A, of managing the market, even though the bulls probably are upset with it and a whole lot of traders have gotten wiped out multiple times trying to place big long bets. He has done a very good job of using rhetoric and statements and expectations, whether correct or not correct, to manage the market expectations and therefore create downward pressure on prices. He is, of course, correct from a supply perspective. The Strait of Hormuz is not our direct supply problem, unless you are to some extent the state of California or some of the Northeast blue states that still have some import from the Middle East among other foreign imports. But obviously he's aware of price being a global commodity, second- and third-tier effects from byproducts, downstream inputs that in a global market impact us and overall based on cost of fuel, what that does for inflationary pressures and the overall economic outlook for the year ahead.

So I think all those factors are being taken into consideration. I come back to combining the state of play of the energy market and what the president does to enable more time and maneuverability and flexibility by creating this downward pressure of creating an expectation of shorter duration, which undercuts the risk premium on speculation of longer duration, is that it provides Admiral Cooper, whether it is 10 days, two weeks, three weeks, whatever he needs, to get through the predetermined target set that they came into the operation with. And so, if he says to the president, "I will tell you we've achieved all that we can achieve from the air in 10 days. I need that 10 days." And the president is out there as the chief messenger to create an atmosphere that allows him to do that.

Now, that doesn't, by the way, mean that there isn't an actual negotiation going on. There can be a dual track here, because if you can accelerate that what you wish to achieve via negotiation and agreement on the Iranian side, obviously that short circuits two, three, four weeks of work of finishing up mopping up your inland targets and then working on the Strait of Hormuz itself. And obviously if you can avoid four weeks of continued strain in the economy and disruption, you'd welcome doing that. But if the terms that the Iranian rump regime, for whatever reason, infighting loyalty to regime, inability to actually deliver, don't meet certain smell-test thresholds, the president still has the military plan that is continuing to unfold.

A couple other notes. I think what Admiral Montgomery said on Kharg, I completely subscribe to and have said that as well for the last couple of weeks. I think the power plant on Kharg is ripe for potential strike, whether by the United States or Israel, particularly if there's going to be a close with the rump regime still in power and you want to ensure you drain them of resources over the coming months as you try to give the Iranian people the best chance they can to come out and overthrow the regime alongside whatever other repression targets the Israelis have degraded over this campaign. You don't want them having a ton of money from oil revenue going forward, so closing off their oil revenues is important. You don't destroy, long-term, the oil infrastructure by hitting the power plant and its generators.

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And of course, if you actually have set the conditions by which you think you have degraded the threat enough and don't fear the "escalation" by the Iranians in response to an escalatory measure, you do have your own navy that can simply say, "You don't pass this line if you're an Iranian tanker." The same way they're currently trying to say to international shipping, "You don't pass this line if you're a non-Iranian-blessed tanker."

So all of this still sort of comes around to the issues of the Strait, the issues of Kharg, all have to do with how far advanced we are in the military operation itself, the conditions that have been set as far as degrading the offensive threat and then turning your attention to the coastal threats and the threats on the water.

The last thing I would say is the Israelis clearly see the possibility of an agreement. I think a lot of this is done by the president without full coordination with the Israelis on the diplomatic side, because that is his prerogative. He doesn't want anything potentially to leak no matter what. If something comes forward and he decides that this is an agreement he wants to take, he wants to have the maneuverability to seize on it and then have everybody have to react to that.

And so if you're the Israelis and you have your own target packages that you've prepared that go another two weeks or another three weeks, likewise to CENTCOM, you're not sure whether this is all going to be sort of over in the next 48 hours or if you in fact have 10 more days, or more. And so I think you are seeing quite visibly an acceleration of Israeli airstrikes on a range of targets, both nuclear targets -- now we just saw in the last hour or so an announcement that they seem to have re-attacked the heavy water reactor at Arak, I'm pretty sure that was struck during the Twelve-Day War last year as well, so clearly a re-attack of something they think either was being reconstituted or wasn't hit well enough last year -- but also industrial targets like we saw some of the main steel plants of Iran. That's a backbone of the Iranian economy getting hit right there, secondary to oil, but still pretty big for their domestic economy.

If they perceive, at some point, that they have the 10 days left, that what comes back from the rump regime is nowhere near what the president can accept, then I think they can probably continue back into their targets as decapitation strikes, repression apparatus, and really work through all the targets that they wanted to achieve over the next two weeks or so. Remember the Israelis had said over the weekend, last weekend, they were about halfway done. That meant, as of last weekend, three more weeks. That means, as of tomorrow, two more weeks. Sounds like it pretty much aligns with where CENTCOM is at as well, especially as we heard Admiral Montgomery laying out of what still needs to be done potentially inland and then for the Strait of Hormuz.

So it would not be surprising to see another 10 days and an assessment from both countries that they have pretty much achieved the objectives that they wanted to coming in, that they've hit all the targets in their target banks. And of course, at that point, the president said from early on, there would reach a point where the bombs stopped dropping and you were allowing the Iranian people to come out and you move into a very different phase.

And obviously there's one thing we haven't talked about, that's the nuclear piece. There's an attack going on from the air by the Israelis on nuclear sites. We saw a previous attack on Natanz as well earlier in the week, I believe, with some commercial imagery looking at that and analysis showing potential attempts to reburly sites, cut off access to sites.

What is the plan for Pickaxe Mountain? Is there a plan there? What is the plan on material? You have a couple of different options. There can be a special force operation with the airborne providing perimeter security. Maybe that's what we're seeing in the offing from all these movements that have been reported. Will that come before there's a ceasefire? We don't know. Won't be surprised if it happens. Will there be a ceasefire that's contingent upfront on the removal of nuclear material? And that's the number one thing that the president is asking for. If he doesn't get it, then military operations continue. That's a big question mark here.

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But I know we're all focused on Strait of Hormuz, and the war can't end if we don't have control of Hormuz, and a ceasefire that somehow leaves the Iranians in the driver's seat of Hormuz would be a failure. And all of those things may be true, but I also think if the number one objective of this campaign was to deny the regime, at any point in the future, certainly the foreseeable future, a pathway to a nuclear weapon, I also don't see an agreement or military campaign ending with a position where the Iranians still are somehow in control or have access to 400 kilograms of high enriched uranium with a near completed underground enrichment site that could be more impenetrable to military strike than Fordo.

So which is to say, expect the unexpected. There's several scenarios that could be unsurprising. They will all be very different, and yet you can think of reasons why each of them could play out in the next 48 hours or in the next 10 days.

DOUGHERTY: And perhaps we'll get to some of those scenarios, Rich. Thank you for that insight. For those of you that got on the call a little bit late, heads up that, A, this is on the record. B, we will have the link to the video and audio of the call within about 30 to 45 minutes of the call end, and a transcript to you within 24 hours tomorrow. Let's quickly move over to Max for the economic trade perspective of this situation. Max, over to you.

MEIZLISH: Thanks, Joe. I'll try to keep it brief so that we can get to our questions. For me, this comes down to one simple point of understanding in the markets. This is a story of short-term pain and long-term gain. And so I made this point right after the strikes began on March 1st when the operations began with US and Israeli strikes. [JPMorgan CEO] Jamie Dimon reflected this point on Tuesday. He said that the prospect of long-term peace in the Middle East has significantly improved. And then it was just today that the Chief Economist of Apollo Global Management wrote that we're likely to see a benefit for the next 50 years as a result of these strikes.

So it's important, with that in mind, to recognize that there could be short-term disruptions. And there's open questions really about the extent to which a downstream effect of supply shock, price disruption is going to impact petrochemicals, everything downstream from there, which is significant, and where the US economy could be exposed.

But to that point, we're fighting two fronts of this battle. One is in the skies predominantly, and it seems like overwhelmingly we're winning and leading in that, and then also in the markets. And so President Trump is using his bully pulpit, I think, successfully to signal stability, and really it's up to interpretation as to whether that stability is real, perceived, or otherwise, but the market is responding well to it. And also, it's important to recognize that Iran has somewhat of an asymmetric advantage in the information space with respect to the market.

So Iran has been consistently denying any semblance of market stability whenever it arises. Whenever the market is actually responding well to what the president's saying, Iran comes out and denies it. So the earliest example I think is most important, and we'll get a little bit more into detail about this down the road, but when Treasury Secretary Bessent said that the United States was going to unsanction Iranian oil, which I think is a misguided policy, he said that we're doing this so that we can add 140 million barrels of seaborne supply to the market. And what did Iran do right afterwards? They denied that the oil even existed.

So this is an interesting point to just reflect on the fact that when the market is responding positively to the president or to the Treasury secretary, whatever it might be, Iran is simply denying. And so we saw that over the weekend when the president said, "We're going to walk back from this potential strike on energy infrastructure, and we're going to say that the talks went well this weekend," what does Iran do? They actually just denied that the talks occurred at all.

And so it's important for market observers when we're looking at this, there's a battle in the information space where President Trump is arguably winning this battle using the bully pulpit from the White House and from all of his social media accounts to create stability, perceptions of stability. And on the other side, Iran is coming in and all it has to do to undermine that message is just to deny, deny, deny.

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Now, I think it's highly relevant, since we're talking about the sanctions angle in here, there's a benefit being provided to both Iran and to Russia with respect to sanctions relief that the administration has provided. In my opinion, this is misguided pretty much on the face of it, but also just in terms of implementation. There's things that the US could be doing to have better controls over the usage of the sanctions relief. We don't have any escrow mechanism. We don't really have any insight into the payments on the buy or sell side of these transactions of sanctioned Iranian and Russian crude. That's a problem. We've done it before. We recently did it in Venezuela when we issued a series of general licenses for the sale of Venezuelan oil. We've done it before with Iranian oil and we could be doing it today. The administration's prerogative here is to say we are not going to step in and disrupt any flow of oil onto the market. Fine, but the United States should be using its tools to create better insight into how these general licenses and sanctions relief are actually being utilized.

And it's really, really important to see that while Iran is denying that there's any supply on the market, Russia is advertising it. And so the more that Iran creates instability, the more that Iran actually undermines attempts to say that there's stability in the market, Russia benefits.

And so a perfect example of this is that in the first two months of 2026, what did we see? We see that Russia's estimated budget deficit for the year went ... it reached 90%. So 90% of the estimated budget deficit was met within the first two months of 2026. That's because, since the beginning of the war in 2022, the beginning of this year was the lowest export volume and revenue for Russia since the beginning of the war. But now Russia is actually being rewarded and providing more supply into the market to such a high degree that the cuts that they were going to have to make to non-essential services are now being taken off the table.

One last point with respect to Larak Island, which Mark had mentioned, and I'm not a military strategist, I'm not a military guy, so I don't know the nature of the targeting and what resources we should be deploying to address this, but we have to say very clearly that China very clearly has a role here. This is evolving. There's Chinese ships that have gone through the Tehran toll booth operated by IRGC officials on Larak Island. There's also Chinese vessels that have been turned away. But ultimately, if we're going to create long-term stability for many decades to come, it's very important that the administration see clearly that addressing this point of threat with respect to Iran's control over the Strait and creating some sort of tax and toll system here is an important point to address. And China is going to play a major role in actually facilitating any payments here in yuan.

So Joe, I'll turn it back to you and then appreciate any questions.

DOUGHERTY: Thanks, Max. Thanks, Richard. Thanks, Mark. We will get to the Q&A and do so quickly. In fact, Zack Colman at POLITICO has got one energy related. Want to read that off. And just a reminder, you can use the chat feature or the raise hand feature if you do have a question. Zack asks, "We don't know how long this conflict will last. With energy prices as high as they are, how significant a worry is demand destruction for the global economy? And how close to that cycle are we if we are not already in it?" Rich, start with you on that.

GOLDBERG: Yeah, listen, I'll defer to economists who are going to have various models and all that and where demand is, where consumption is, what GDPs are going to do. And if this happens in Japan and this happens in OECD and this is where US is at, and I saw statements yesterday of expectations.

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Here's, I think, the bottom line of what the market read is, and that is there's very few, if any, scenarios under which you see a long-term disruption. That is not to say that there won't be long-term risk in certain scenarios, but a long-term systemic disruption like this, the Strait of Hormuz, has probably some sort of a single digit percentage chance. And that has to do with the time that continues if we continue degrading the threat, the time that then we take over the actual military operations for the Strait of Hormuz themselves, the addition of other countries and forces involved. Even if you end up saying, "We're done with our military operations and we have a unilateral ceasefire on our own. We have nothing else to hit inside of Iran and the Iranians want to keep firing things." At some point, that becomes a negotiation. There's some sort of an agreement done.

So there's a million different scenarios under which you do not have a long-term disruption. There's very few to think of, a very slight chance that this is something that is many months long, let alone a year long.

So with that in mind, I think the market sees that. Our potential disruptions here, again, understanding the global nature of commodities, global supply chain disruptions, et cetera, that still impact us. Those are second- and third-tier effects that people are likely studying and thinking about. And there may be certain price increases that result from that. But in the immediate term, we have supply. And to the extent that there are areas of the country that need additional attention to help them based on potential supply disruptions, the administration is working very quickly to address those. They already have. Jones Act waivers, basically writ large for anywhere in the country that needs it. Making sure Alaska, Hawaii, for example, are able to access all their supplies that they need. To the extent that they have figured out other price pressures that could be alleviated on a short-term basis with EPA regulatory waivers, there may be more that could be rolled out as well. There obviously has already been an SPR release. There could be another one.

I don't love the idea of having to continue to dip into the SPR [Strategic Petroleum Reserve], given the fact the previous administration drained it so significantly and broke large parts of it in the process and that we still need to refill it at great cost. But there are additional levers available. So I do not worry at this point about the long-term impacts on the global economy. I understand that it's a real thing. You have to start analyzing it. You have to think about what the long-term effects are, but there's also other long-term effects going on. And that is demand for American energy going up. And what it means that Qatari LNG [Liquefied Natural Gas] might be 17% of it offline for five years. And where are people going to turn for LNG as we are expected to double our exports already over the next five years out of the United States?

We saw the clamoring for American energy a couple of weekends ago in Tokyo. Did not get a lot of coverage because of the conflict, but [Interior] Secretary Burgum, [Environmental Protection Agency] Administrator Zeldin, EXIM Bank president, a bunch of other senior White House staff, they were out in Tokyo for this Indo-Pacific Energy Security Summit, \$56 billion of new deals, more offtake demand for oil and gas. We are thankfully a producer and we are going to see increases in production. Obviously, you can't compensate for that supply on a global basis, but over time, when this conflict is over, and I believe it's a short-term disruption, not a long-term disruption, there could still be long-term realignments in offtake in supplies. And while you don't want to see what's happened to the Gulf happen to the Gulf, there will be US benefit on the export side.

DOUGHERTY: Thanks, Rich. And we're going to come back to the Jones Act and the SPR. We got a question from Chris Knight that I'll be asking next, but I do have one from Mark, from Ben Finley. Can Mark elaborate more on how the US military can secure the Strait of Hormuz and what the risk could be to American troops?

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Featuring RADM (Ret.) Mark Montgomery, Richard Goldberg, and Max Meizlish

Moderated by Joe Dougherty

MONTGOMERY: So my belief is that to secure the Strait of Hormuz, you first have to do what I said earlier, which is knock down the military risk to something that Admiral Cooper says, that's an acceptable military risk. In 1987, 88, we did that or 1986, 87, and we reassessed it every month. And that's how we did the stretch of the convoy operations then. And we did them again in 2001 around that kind of rubric. So we know how to do it. I think the threat's much higher now because as I said, mines, which are always there, but now drones, the cruise missiles, which are always there, and the small attack craft, which were there, but not in the same way they could use them now, unmanned. So in my mind, there's a little bit more risk that you got to knock down, but eventually Brad, Admiral Cooper will get to the level where he says, "That's acceptable."

Then what you have to do is, and it's a four-step thing. You have to have this persistent overhead imagery. And really, I mean, when I say persistent, I mean, there's a loop we can do that is sensor-to-shooter quick. Then you have somewhere around four CAP stations, combat air patrol stations, eight fighter aircraft up. They each have a mix of ground strike and advanced precision kill weapons. There's some counter-drone rockets. They can carry four ground strike, 14 counter-drone rockets on a flight. And all eight of them are up and they're in different positions. Some are angled to go strike things that, hey, guy popped up head, looks like he's putting together Shahed launch, hit it. But then also if Shaheds get launched, they can get in behind him and shoot them down pretty easily. It's a 0.93 to 0.95 likelihood of kill when they just fire one. And it's a \$25,000 rocket. So it's actually a good return on investment on shooting down a Shahed. That's the second level.

The third level are armed helicopters or in daylight A-10s to take care of surface vessels. Surface vessels are not taken care of well by the Navy ships just because of the way our guns, the way we built the ships, they were not made for these small boat attacks. We have things to protect the ship itself, the DDG [guided-missile destroyers], but not to protect the merchants. So you want the A-10s and the armed helos. Helos can be flying off the destroyers, that's pretty common, and A-10s in daytime are pretty cool. And then the fourth thing is destroyers, doing the actual escort, air defense destroyers that can do the escort, slightly biased towards the threat and escorting through. So to me, that's what you do. Now, before you take the first convoy of merchants through, I would have that same setup with the destroyers escorting Littoral Combat Ships.

We have three ships. One of them's out and about. Two of them, as you know, are in Asia. I have a pretty good idea that they were getting maintenance modernization, get married up with their mine warfare modules and off they go. And the three of them, either one, two or three of them, sanitize the Strait, make sure you've got all the mines, do a couple runs. The ships, the LCS themselves don't actually go into the minefield, they have a helicopter and a CUS, an common unmanned system that goes out and does the mine hunting, and then mine sweeping. Huntings where you look for it. Sweepings where you remove it. And then you do that once or twice. My experience with mine warfare guys is there's nothing that they can't do three times if you ask them to do it twice. So it'll take a little bit of time, get that done, and then you begin your convoys.

And look, I've done convoys, there's a constant risk management going on in your head as a watch stander or unit commander, but you do the escort. And I feel two to three destroyers on the first one escorting three to four VLCCs, very large container ships each containing two million barrels of oil that gets you eight million barrels out each bag. That's a good number, right? You get two of those bags a day, you suddenly have made up for any loss for the United States, so that combined with the pipeline stuff that's going on. You get to 20 million very quickly. I say that in the context of you would then increase that so that you can start bringing the fertilizer, the LNG, the other ships through to get to start to solve those issues as well. But I would build up into that. So that's kind of a very short ... Now, if I have five Navy commodores here and asked for it, I'd get five slightly different plans on the variations that I mentioned.

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And that doesn't make any of the five right and it doesn't make any of the five wrong. It's just this is reasonably non-standard conditions-based decision-making.

DOUGHERTY: Thanks, Mark. While we have you for the next three minutes, two quick questions I want to run by you. One, what does this all indicate in terms of the importance of US relationships with Europe and other allies? Two, can you bring some clarity to the industrial base and munitions availability stories that are going on out there?

MONTGOMERY: So on the alliances, I'll just say, look, I hate to say this, this is the natural outcome of 14 months of bad relations, some of which driven by President Trump and some driven by the Europeans, because I'll say this for the Europeans, they never will sit down. I mean, [NATO Secretary General] Rutte will say it, but the vast majority when you pin them down will not say, "Hey, we took a 30-year holiday. Thank you, America for covering for us." They can't squeeze that statement out to the president. I get it. But the president is pissed off at them and he believes they took a long holiday on defense spending and now are slow to take ... They did not take him up fully in his first term. They're taking him up now. Spending for all of them is above 2%. They're spending \$1.4 trillion in 2025 on defense. They're headed towards 3.5% with the exception to Spain. They're committed.

A bunch of the countries are hitting five in 2026. The three Baltics and Poland are going to be above five or Poland right at it, the three Baltics above it in 2026, and they're all picking up going towards it. The president should take the win and then turn to and say, "That's the kind of ally I like, and you're the kind of ally I want to work with." And then work with them on this. And I think if he took that approach, we'd probably more easily get these contributions. In the meantime, they're going to contribute. There's going to be my ... If we get into a Strait of Hormuz convoy operations and the need to remove mines, they will be hunting and sweeping with us. And I think some of them will contribute destroyers and then eventually to a stabilization force. And then I think eventually some will even contribute air power.

And certainly the British are very close to that. The UK is if the president would be a little more gentler about it. All right, that's that. On the defense industrial base, I want to split this up into three types of munitions. There's offensive munitions, which are precision and kind of expensive precision, longer-range precision, and then normal precision. On the normal precision, we have bought a lot of that stuff over the years for fighting in multiple COCOMs at the same time. And we're actually in okay shape. This has not stretched that to a limit. We do have to buy everything we've spent, but I don't think they're sitting there going, "Hey, there's nothing in the cupboard here." And that's the broad majority of our munitions are these offensive precision, but not long-range precision weapons. I think JDAM, JSOW, GBU-39s, all that kind of stuff, they're in good shape. They're acceptable.

The long-range precision, you have to be careful. Every time you use them, you use up a year. I'm sure there's a line out there from someone in the press that we've used up two years worth of Tomahawks in just two days or whatever it was. I get it. We were buying too few Tomahawks. The good news on the long-range precision stuff is prior to this war, Congress passed in the NDAA Section 804 and it had rule sets for 13 different weapon systems that could have long-range production. They then appropriated about seven of those. And the Trump administration jumped on most of them. Some of them were defensive, I'll mention them in a second, but some were offensive, I guess the standard SM-6, which can be an offensive weapon Tomahawk. And these are now getting long-range production. What that does is, then the production rates go from 100 a year to almost a thousand a year.

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Patriot goes from ... And then I say ... I'm talking about defensive munitions now, that's on the long range. So on the long-range precision strike offensive weapons, we do have work to do, but we're already doing it and buying and I feel comfortable. The place where I think we're most vulnerable is defensive munitions because this stuff was just damn expensive. So we often did minimal buys. So THAAD had dropped down to 80 per year and we sometimes ... That was the max production. The reality was we were buying even less. SM-3, the standard missile three fired to defend Israel from IR in the range ballistic missiles from Iran at a low number of production and being used heavily in the last few engagements on Israel. And then the other defensive weapon, Patriot, where we are down to buying 600 a year, we're changing that so that we can buy 2,000 a year with a big, I think, seven year, either seven or 9,000 Patriot package.

So defensive munitions, we've used a lot of them. They're at a low level, but we'd actually, before the war even started, because of congressional action and Trump administration decisions, decided to spend more. And with the reconciliation money from last year, and what I think will be a defense budget of 1.15 trillion this year, munitions are going to be serviced. That means we're going to spend a lot of money on munitions, so I think we can recover this. So none of these are unrecoverable. If we think we're an extremist on Patriot, I can't help but notice, or maybe Ukraine's an extremist and we don't want to help them ourselves because we need to take off the line. I can't help but notice that Saudi Arabia appears to be sitting on a nest egg of 1500 or 1300 or 1500 Patriots. I have a good place I could go for a couple of hundred.

So from my point of view on munitions, you got to look at it as offensive, offensive, long-range, defensive. They're all slightly different answers. All of them can get healthy over the next three years with some good work.

Hey, Joe, I got to get going, I apologize, but if there's any other questions for me, get them to me in a text. I got a three o'clock to four o'clock thing and then I'll answer them right afterwards. Okay?

DOUGHERTY: Copy. Thanks, Mark. I appreciate it. And Max, you'll have an opportunity to weigh in on some of that as well. I do want to get back to a couple of questions that we've lined up. Chris Knight, thanks for your patience. Question from Chris: Trump has already tapped the SPR, waived the Jones Act, eased fuel rules. What other authorities does he still have to cut domestic fuel prices and would any of those have a material effect? Start with Rich, then to Max, please.

GOLDBERG: Obviously, depending on how long this goes for, you'll have to renew Jones Act waivers at some point, but I think in general, he's pulled out the various levers. They've come forward from the industry. There may be a couple of EPA regs here there that get pointed out that maybe can still be utilized. But I think the bigger pieces now would have to be up to Congress or state legislatures on a state-by-state basis when it comes to gas taxes, either a federal gas tax holiday or a state gas tax holiday. Both the federal government and the state government for budget reasons are typically low to do that, and it's not in the president's full authority to do that. He needs Congress. He can appeal to states that want to do that, but that's not really something that he has in control of. So his, I think, greatest tool right now is himself and the expectation management game.

And again, if this was a six-month operation and he needed to figure out how to get himself six months from now while maintaining this sort of window of going from \$90 to \$105 back down to \$90, sort of staying in this realm, at least on WTI, then yeah, I think this would be highly problematic if this was to be a long-term disruption. If Admiral Cooper is telling him, "Sir, I need two more weeks to complete the target set," and then we focus completely on the Strait of Hormuz, I have pretty high confidence he can continue to manage the expectation game and the Iranians will respond to that and we're seeing that happen today. There's obviously continued upward pressure going to market close in the next hour, and then we'll see what the weekend brings, but that would be my answer on that.

DOUGHERTY: Max?

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MEIZLISH: Yeah, thanks, Joe. I actually have a quick comment on the first question, just to go back on this point about potential demand destruction. This is reflected in my thinking, and I highlighted the Apollo Global Management Economist piece that came out today. Arguably, the United States has the largest and most important consumer market in the world, and American consumers have time and again, demonstrated resilience with respect to consumer spending, and the American consumer is willing to tolerate a significant amount of pain in order to continue living life as normal. And so this might be more of a political consequence downstream when we look at the elections, but in the immediate term, I'm actually not too worried about the demand destruction side. And I think there's actually smarter analysts than me looking at the energy trade flows that would support that. But there is one point, Rich mentioned earlier this notion of US LNG and Qatari LNG disruptions to that supply. It's worth highlighting that there's a potential concern that could actually arise out of increased demand for additional supply for LNG. Well, who else is another major supplier? Well, Russia. And we've already seen the administration take steps to relieve some sanctions, constraints on Russian crude and petroleum products. And it would be worrying to me if the administration were to actually open the door to Russian LNG.

And a story worth pursuing somewhat related is the largest private producer of LNG in Russia is a company called Novatek. And they own and operate the Yamal and Arctic LNG 2 plants with the Arctic LNG 2 plant being sanctioned by the United States. Novatek, however, has not been sanctioned. It's a target that FDD has highlighted in various pieces of research saying that it should be sanctioned. But I'm raising here for this audience because the administration might be open to something that actually unwinds some sanctions on Novatek assets. And it was actually just in February that there were reports coming out that an individual with some reported ties to the Trump family, Gentry Beach, has struck some sort of deal with Novatek to actually do an LNG related development in Alaska. So we need to keep our eye out for any potential relief that the administration might provide and ensure that there are necessary guardrails such that Russia doesn't continue to benefit financially from any turbulence in the energy markets.

DOUGHERTY: Thanks, Max. We've got a question from Amar at AP. And Rich, I think I'm going to ask you to put on your former NSC hat and your Navy intel hat to answer these questions. Amar asked, "The president has said that J.D. Vance will be part of the negotiations. Any thoughts on what his presence will mean for the dynamic when the US and Iran end up having true indirect talks? Are you seeing any signs that the market gyrations and/or the Iranian barrage on Gulf neighbors is turning them wobbly about the need for the US and Israel to continue their air assault on Iran? And how concerning is the rate that the US is burning through Tomahawks and interceptors?" Which Mark may have addressed, but you may have some thoughts on that. And Max, if anything, you want to jump in on as well. Rich?

GOLDBERG: Yeah, I think Mark addressed number three pretty well, so we'll leave it there. I don't see any indication that the "market gyrations" and the attacks in the Gulf are turning anybody wobbly. I come back to the point being that they came in with a target set, they came in with strategic objectives, they want to achieve those. I think it's understood that Iran has a large stockpile of short-range ballistic missiles, many more than their medium-range ballistic missiles, and obviously a large stockpile of drones, and that they were going to use them in the manner that they are using them. And it then simply becomes the timetable by which you are able to degrade that threat, get through all of your objectives, turn your attention to tanker traffic, and simply commence, go forward with the operation. So I don't see that happening.

I think there is a question mark, which we don't know the answer to of whether or not the US has actually told Gulf allies, "Please don't enter the conflict militarily because we don't need to have to coordinate additional militaries in the sky. And it's already hard enough in the joint operation with Israel." And we've seen friendly fire incidents from Kuwait and our own tanker incident over Arak, so throwing up three new Arab air forces is a complicated picture. Or is it that we are in fact saying like, "Hey, what are you waiting for? Let's go." And we are seeing if the Emiratis and/or the Saudis or others will actually join in. I don't know the answer to that, but it's an interesting question.

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On the vice president, listen, there is clearly a political campaign by detractors of the president's policy preference for various reasons to build up a narrative throughout the week that J.D. Vance, their trust in J.D. Vance, their belief that he is their guy when he's clearly the vice president of the United States who has demonstrated now through multiple conflicts, loyalty to the president and faithfully executing the president's policies, whether he agrees with them or not, he certainly executes faithfully, including being a part of deception in the past for sort of knowing that he has an aura. He has a record that is one that is believed by press and by adversaries to be more adverse to the use of military force. Whether he is or not, that is the frame politically of J.D. Vance. And the president is well known to use people in situations based on their narrative, based on their media frame.

Famously, he had John Bolton put out a tweet on Twitter at the time, it was not X, announcing that a carrier strike group was going to go in in 2019 because he thought that the Iranians would actually fear John Bolton more than something that just came out of his own Twitter feed at the time. So he could either see if you want to get a deal and the perception, again, this is perception, not reality, perception that the Iranians believe that Tucker Carlson is their man, that might be reality, but that the perception being that J.D. Vance is close to Tucker Carlson and therefore J.D. Vance likely believes in what Tucker Carlson is saying more than what the president is trying to do, that if you wanted to offer them an interlocutor that they would accept as more trustworthy, that you could send J.D. Vance and that maybe they would talk to him, they would think, "Okay, maybe this is more serious, et cetera." I mean, this is a regime that's literally broadcasting Tucker Carlson right now as we're talking on their state media and Joe Kent and others, people like this.

You could either therefore lend the vice president, and by the way, all of this at the president's direction, to be a facilitator of talks because they won't talk to anybody else, or you could also use that as a deception art to say, "Okay, well, let's put the person they think is their ally who's not their ally, who is actually my vice president, and we'll see what they say to him." And meanwhile, you collect intelligence and they move around and you pick up on things, you get them talking, you find out who's really in charge, who are they talking to after they talk to you, and you wait for the intel picture to come back.

All of these things could be true, but whatever happens in the negotiations, let it be very clear, it will not be because J.D. Vance did something or broke with Trump or was able to have a breakthrough or anything like that, or they excluded Jared Kushner and Witkoff or... No. This is the president. It is absolutely Donald J. Trump at the top of all of this, moving the pieces. And whatever happens, whether there is a deal, there is not a deal, there's 10 days, there's two days, there's a special forces raid tomorrow by surprise, that will all be by the design of the president of the United States.

DOUGHERTY: Very thorough, Rich. J.D. Vance as a feint, A10's taking out boats. All kinds of strange things are happening, so who knows what is next. We've gone through a lot of things, no more questions in the queue, so I'd like to use this opportunity to bring the call to conclusion. Before we do so, Max and Richard, I'm going to ask you to each provide kind of a 30-second summary of your key thoughts and what you're going to be looking for, forward thinking perhaps.

In the meantime, I want to thank Ellie and the rest of the FDD Comms team for their terrific work in the background for making this call happen. Remember, you can schedule a call, a conversation with any of our experts here. Please reach us at press@fdd.org and we'll get that conversation started. You can also find all of our research at fdd.org.

Okay, let's wrap up with Max. If you can provide 30 seconds to a minute, then we'll go to Rich and we'll bring this call to conclusion.

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MEIZLISH: Yeah, thanks, Joe. I think one concluding point in line with this theme of short-term pain and long-term gain, it's going to relate a lot to how the president takes the momentum of the last couple of weeks and whatever comes forward to next month when he meets with Xi Jinping in Beijing. There's a lot of momentum that the president can build on, and it's very important that in that lead up to the trade talks, the president needs to hammer home the message that it's Beijing that's been underwriting all the years of Iranian maligned aggression and all of the partner countries that are facing the brunt of Iranian attacks in Europe, in the Gulf countries, US bases, this is all being underwritten and supported by Beijing. And it's important that we push that diplomatic message ahead of the trade talks.

GOLDBERG: Listen, I'll just say that I think if I'm the president, I care about where are we on strategic objectives being achieved. We came into the conflict, both the United States and Israel with targets to hit, strategic objectives to achieve on the missile program, on the drone program, on the Navy, on the defense industrial base writ large, on potentially revenue sources for the rump regime if they do not fall immediately, and particularly obviously for the nuclear threat. If the president is looking at that and has the metrics and the military's provided him saying we have set back the military by years, we have set back the missile program, both ballistic and cruise missile by years, and we have ensured in every single possible aspect, we have denied Iran years upon years worth of pathways to a nuclear weapon.

And at the same time, the Israelis have worked through their target lists, gone after repression apparatus, command and control of the internal repression forces, the Basij, the intelligence services and others, and you're able to say we have accomplished what we set out to accomplish and now is the time to enter a new phase. You'll have to deal with the Strait of Hormuz. Obviously, that picture likely looks different in two to four weeks after you have exhausted all of those targets. The regime itself will have to deal with what comes next. When the bombs stop dropping inside the country and they have been so hollowed out, you will then get the answer of what the people may be willing or capable of doing. That's going to start pinning down the regime inside their country as well and opening a whole new front that the regime's going to have to worry about.

And so for all those reasons, I think the president's doing a very good job of continuing to maintain expectations of a short duration, not a long duration, looking to make sure he has enough maneuverability and runway to get through the target sets, achieve all strategic objectives. And if he is able to continue to hold that course and the military needs two more weeks or three more weeks to achieve all the objectives they set out to do and the Israelis need about the same amount of time to achieve their objectives, it would behoove us for our national security to have the patience and the courage and the fortitude to go those couple more weeks and make sure we reach that point before you decide it's time to end offensive major military operations inside of Iran.

DOUGHERTY: Rich, Max, thank you for your time. To the journalists on today's call, thank you for your time. We know that you're quite busy and there are many things you could have been doing during this time, so we're grateful that you have joined us today. In closing, a reminder that FDD is a nonpartisan research institute focused on national security and foreign policy. Look for the link to the video and audio here within the next half hour. Look for the transcript in your inbox by sometime tomorrow morning. Thank you for joining us. This does conclude today's call.