

FDD Media Call: Iran's economic damage from Operation Epic Fury

April 23, 2026

Featuring Elaine Dezenski, Daniel Swift, and Miad Maleki

Moderated by Joe Dougherty

DOUGHERTY: Good afternoon. My name is Joe Dougherty. I'm Senior Director of Communications at the Foundation for Defense of Democracies, a nonpartisan research institute focused on national security and foreign policy. Thank you for joining us today as we discuss the latest developments regarding Iran's economy, interdiction in the Strait of Hormuz, oil and global energy concerns, negotiations, leverage, a host of issues tied to breaking news today. There's a lot to unpack, so I'm pleased to share that we have three outstanding experts to do just that.

You have their detailed bios in the emails that I sent earlier, but I'll go through really quickly here. Elaine Dezenski is Senior Director and head of FDD Center on Economic and Financial Power, an expert on geopolitical risk, economic statecraft, supply chain resilience, illicit finance and anti-corruption. Dezenski has held political and career positions at DHS and served on the TSA's Aviation Security Advisory Committee. Elaine also served on the Chairman's Council on China Competition at the Export-Import Bank of the US, and she served at the World Economic Forum where she launched the forum's Global Risk Response Network and led the Partnering Against Corruption Initiative and at Interpol, where she launched programs to increase law enforcement capacity.

Miad Maleki is an FDD Senior Fellow specializing in economic sanctions, a US Air Force veteran. Miad served as associate director for Treasury's Office of Global Targeting at OFAC [Office of Foreign Assets Control], where he oversaw financial sanctions and investigations across more than 35 sanctions programs. He played a central role in marshaling treasury sanctions campaigns against the Iranian regime and its extensive network of proxy groups. His efforts were instrumental in disrupting financial flows to the Iranian regime and its malign actors.

Finally, we have Daniel Swift, CEFPP Senior Research Analyst who led the research on the economic model we will discuss today. A retired US foreign service officer and economist, Daniel helped establish USAID's Office of the Chief Economist, ran the US government's largest assistance program globally and played a supporting role in the establishment of development innovative ventures, which is USAID's highly successful social impact fund. Before joining the Foreign Service, Dan was an economist and research fellow at the Logistics Management Institute.

Some quick housekeeping. Today's conversation is on the record. We will share a video of today's call as quickly as possible once the call is over, and we'll get the transcript to you within 24 hours, hopefully a little bit sooner. We will have Q&A. We'll start with some opening remarks from each of our experts here, and we will have Q&A, and I'll explain later how to submit your questions either verbally if you'd like to ask them or using the raise hand feature. All right, let's jump into it.

Elaine will get us started, followed by Dan, and then Miad before we open up the questions. Elaine, over to you.

DEZENSKI: Great. Thanks, Joe. Good afternoon, everyone. Great to have you on the call. We truly appreciate your time. Today is an important day. We're releasing the first systematic model-based estimate of economic damage that Iran has sustained from Operation Epic Fury. As Joe mentioned, Dan will take us through the modeling in great detail, and I think you'll find the results very interesting. But before we do that, I also want to acknowledge the excellent work of our colleague, Miad Maleki, which has been invaluable context for the modeling that we're releasing today. So we're lucky to have him on the call this afternoon. You've probably seen his social media posts and his recent piece in Foreign Affairs, which I wanted to flag, which is excellent.



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So why are we releasing an economic model of Iran's war losses? With ceasefire talks underway, the economic costs to Iran are a critical part of the negotiation picture. Iran will want a settlement that helps it rebuild its security services and helps clerics hold onto power. It will be making demands for reparations. We know this. So understanding the true scale of the damage matters for how those talks are framed and what US leverage looks like. And the numbers are quite striking. Our best estimate is that Iran has lost about 40% of its pre-war GDP, approximately \$144 billion in under two months. So for an American audience, that is the equivalent of the US economy losing roughly \$11 trillion in under two months. So we should be clear eyed that Iran's economy is devastated.

The US has many tools that can make any potential Iranian reconstruction more painful, including sanctions enforcement, export controls on imports for the goods it needs to replace, and actions that control the flow of ship traffic into Iranian ports. So understanding economic losses that Iran has suffered can help the US understand how to exercise leverage going forward. So we can take action now, including things like reviewing our export control list for goods that Iran needs to rebuild and other measures that may raise the costs of rebuilding post-peace settlement. So with that introduction, I'll turn it over to Dan. Thank you.

SWIFT: Hi, good afternoon. And as Elaine said, thank you so much for your time. We appreciate you being here today. We know it's always a busy news day and thankful to get a chance to talk with you.

So as Elaine said, our estimate of Iran's economic losses from the war is about \$144 billion over 40% of its pre-war gross domestic product. And we are releasing a graphic today along with a research note that gives a more detailed breakdown on that figure. We'll also be updating these estimates as more information becomes available and as events unfold in this very fluid dynamic. So a little about the model. The estimate itself has two major components. The first is hydrocarbon revenue loss. So when I say hydrocarbons, I mean gas, oil, and petrochemicals. So that's broken into two periods. The first is after the start of Operation Epic Fury, but before the blockade.

And there, Iran was exporting roughly about the volume it was pre-war, but at elevated prices, which led to a little bit of a revenue windfall that we counted against the loss in the model. After the blockade, we are estimating that Iran is still exporting somewhere between 400,000 to 200,000 barrels a day, but understand that those numbers will change as the US interdiction efforts become either more strict or more focused or less so. So we'll continue to update those numbers as we go forward. The second major component is physical placement loss, which is about two-thirds of the total economic loss. So that covers things like nuclear infrastructure, naval vessels, aircraft, missiles production, air defense, the steel industry, civilian infrastructure, informal economy loss, and the graphic when it's released later today, and we'll send it to you, will have more details on each of those categories.

So while we are releasing figures, I do want people to remember that estimates of economic impacts in Iran are difficult even during the best of times. Iran's oil trade runs through opaque intermediary networks, particularly in China, meaning that shipped barrels don't always translate into received dollars, so that is something to look out for. And there's also been wartime information blackouts in Iran, which limit the scale of reporting, as all of you know very well. So to be analytically honest about this uncertainty, we produced three loss scenarios in the model, a low loss scenario, a most likely, and a high. The most likely estimate reflects our best single judgment for each independent variable. It's not the arithmetic midpoint between the high and low.

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And because those assumptions compound across the model, our range of roughly \$50 billion to \$300 billion is broader than it would be for any individual independent variable, but I think that's honest given the level of uncertainty we're operating in. We also had to leave a great deal out of the model because we had no way to make credible estimates. That \$144 billion figure does not include things like the inevitable wartime inflation or currency depreciation. Inflation was already running about 50% before the conflict. It doesn't include things like human capital loss or long-term deterrence effects on foreign investment, or even the cost of reconstituting Iran's proxy networks such as Hezbollah. And there's also other complexities like much of what Iran has lost just can't really be replaced under sanctions. So the most kind of obvious example is Iran's F-14 Tomcats. Nobody makes them anymore, but even if the US did, we probably wouldn't sell them to Iran at this point.

So those were difficult to estimate because they'll probably have to be replaced by more expensive Russian or Chinese aircraft, but for the sake of making our estimate, we used what we thought was a fair market price for that. And then there's things like nuclear plants too, where some of the tunnel, the largest cost of which is civil works. We're not sure what types of damage has been sustained to tunnel networks. We did our best to estimate conservatively, but even if they do rebuild under a sanctions regime, it's going to be difficult for the regime to actually put equipment into those rooms and reoperationalize those structures. Some of what is destroyed just frankly has no price and it's just simply gone at this point.

So I want to stress that while this is a rigorous and conservative first accounting, it's not the final word. We'll update as events develop and as more information becomes available. And in that vein, I think I'll turn it over to Miad at this point to talk a little bit about developments. Over.

MALEKI: Sure. Thanks, Elaine, Dan, and Joe. I think you all covered all the top point and great data that thanks to Dan and Elaine that you all put together. Just a couple things that maybe would be helpful to share and then maybe we can turn to questions to see if we can do a deep dive into specific issues with the questions. But there are a couple additional numbers here that it's worth paying attention to. One is Iran's current oil to storage capacity. The numbers that we're tracking, and again... And I think one important factor to keep in mind is we're getting these numbers mostly from a mix of sources, but mostly from the Iranian regime's own data and information, some confirmed by Kpler and other external sources, but Iran tends to sometimes exaggerate the numbers. In this case, just to be safe, I'm going with the numbers that I assume that Iran has exaggerated or overestimations by Iran.

But under oil storage capacity, it's my understanding based on, again, Iran's own numbers that they have about 35 to 42 million barrels of the storage capacity. And if Iran's oil extraction remains at the same level, which is at 3.1, 3.5 million barrels a day, and if the refining capacity remains at the same level of 2.4 million barrel per day, and we know these two have been degraded because of the strike in war to an extent, you are looking at food oil exports of 1.5 to 2.1 million barrel per day, that's kind of the expectation here, although with a blockade and most importantly, Iran's own closure of the Strait of Hormuz, now Iran has found itself in a situation that the tankers are getting filled or have been filled, but they're not able to really leave neither Strait of Hormuz or the blockade.

Now, keep in mind, a few days ago, maybe it was last weekend that Iran started shooting at, IRGC was shooting at an Indian tanker that was actually carrying Iranian oil. And the reason for that is because they don't really know which tanker is taking on Iranian oil because all the ship-to-ship transfers that they do for purpose of sanctions evasion. So they can't even track their own oil being on which tanker. So the closure of the Strait of Hormuz is putting pressure on Iran's own oil export. Now we have the blockade in place, which puts another layer of disruption on Iran's oil export.

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So my point is, at this point, Iran is really loading the tankers depending on how effective the blockade is in avoiding or preventing the flow of empty tankers to the Persian Gulf to be used as floating storage capacity for the Iranian regime. Their onshore storage capacity is really enough for about 13 to 14 or 15 days really. I came up with the 13 days based on the numbers that I gave you, but that number can change depending on how many tankers they get to fill up so they avoid filling up the onshore storage. And I've seen some of the national Iranian tanker oil company tankers lining up outside Kharg Island to fill up. And now it's not cheap to keep oil on the tanker. You can't just jump in on the tanker and let it sit in the water. You got to run systems, you're going to maintain the tanker.

During my time in OFAC, one thing that was very interesting is when we sanctioned tankers that had oil on them, then the amount of trouble that these companies had because they couldn't get service from ports, from bunkering services to maintain the oil that were keeping in the tanker. And they had to come to us, request licenses authorization to keep that oil from leaking into water or the temperature services that they needed or air conditioning type services that they needed for outside the tanker.

So it's not a cheap storage capacity, but if they use it full on, they're still operating within the number of tankers that have left in the Persian Gulf and the 13 days of the storage capacity that they have. After that, they're going to have to start thinking about dropping their oil extraction, which can be very harmful to their extraction capacity.

I've seen some arguments made that, well, in Iran-Iraq war, they dropped the oil extraction, but they quickly went back after a few months, when I think folks forget that that was in the '80s and Iran had just come out of Islamic revolution in 1979, prior to which you had US companies helping Iran putting in place robust refining techniques in machineries and experts.

Since the '80s, due to sanctions and Iran's oil mismanagement and policy decisions, Iran's oil sector has become extremely outdated and undermaintained. So things are way worse for them if they have to drop oil extraction.

The second number is a gasoline number that I think it's important for everyone to be looking at. Their gasoline production capacity is about 107 to 120 million liters a day. Those are 2025 numbers. I assume that hasn't really changed since then because that number has remained very consistent since 2020 to 2025. Now, the gasoline consumption level is at 126 to 144 million liters a day. And what that tells you is that they have a daily deficit of somewhere between 15 to 25 million liters a day. And what they do, they have to import gasoline.

And another major economic mismanagement by the regime that being a major oil producer, yet they still have to rely on significant gasoline import for the domestic market. So they do import through the Persian Gulf, but they also get majority of the gasoline from UAE. Now I think we can all assume, I'm hopeful, or we don't know, but UAE might not be shipping that gasoline to Iran given the current security situation in Persian Gulf and also the way that Iranians ended up targeting Emirates more than even Israelis. So things are pretty tense between the two nations.

And so Iran has different numbers, but we're looking at somewhere between 10 to 20 days of gasoline, stored gasoline capacity. I think the numbers probably way less because they're just coming out of a war. Some of those gasoline storage facilities were targeted, as I remember. But even if they have 10 to 20 days, that deficit is not something they can address if gasoline is not coming in. And they're on a very quick gasoline clock as well. And every time they mess with gasoline prices, they increase gasoline prices or they cut back on subsidized prices that they provide to the Iranians. They had protests, they had demonstrations. As a matter of fact, since 1979, one of the largest protests they had that was in 2019 was in response to the increase of gasoline price in Iran.

And these are the two factors that I wanted to share with everyone, but happy to answer any questions that you have. Let me just turn it over to Joe and then I'll be here to answer any questions.

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DOUGHERTY: Miad, Dan, and Elaine, thank you for your analysis. Very much appreciated. We will move over to the Q&A section of the call. To ask a question, you may type it into the chat feature and I'll be happy to read it aloud. Or as Tim did, you can use the raised hand feature. Tim will be to you in a sec and you can ask your question directly. I know a couple of folks may have arrived a little bit late, so just a quick heads-up that we are on the record. We are recording this. We'll get you the video of this conversation shortly after the call ends. We'll also get you the transcript of the call within 24 hours. Tim Gardner, over to you for your first question. Thank you.

TIM GARDNER: Thanks, Joe. I suppose this is for Miad. So the Trump administration relaxed the sanctions on Iranian oil on the water, and I wanted to know the administration said that that was not going to benefit the Treasury in Tehran. To what extent is that true? And then it is closed now. They did not renew it. But do you think if they did renew it at some point, that that would sell an equivalent amount that they did the last time? And would that continue not to benefit Tehran?

MALEKI: Thank you, Tim. That's a really, really good question. I'm excited to answer that. And Elaine and Dan, especially, I know Elaine has a lot of experience with this, having worked with the compliance community across different industries and sectors.

A couple quick points. So the Treasury authorization, I was surprised to see it when that was issued, but here's some facts. The general license, this was a general license that was issued by the Office of Foreign Assets Control. Now, the Office of Foreign Assets Control jurisdiction is due to the US person. So what that means, the general license that was issued by OFAC authorized US persons to get involved in certain aspect of Iran's petroleum export, ordinary incident, necessary transactions for shipping of Iranian oil and so on.

Now, keep in mind the Iranian petroleum sector has been subject to primary sanctions and secondary sanctions for a couple of decades now. And even under the JCPOA, the US persons didn't receive sanctions relief to get involved in Iranian's petroleum sectors. Restrictions against US persons remain in place even during the JCPOA, only non-US persons were allowed to get involved in Iranian petroleum petrochemical sector.

So my point here is the authorization was for 30 days, very limited in the scope, but what really did, when you issue an authorization to US persons, we know for a fact no US person is going to run to get into Iran petroleum business, but it gives some kind of a comfort to non-US persons that, hey, we're not going to go after US persons if they get involved in this type of sanctionable transaction, which means we're not going to come after you. I mean, there's actually FAQs by Office of Foreign Assets Control saying, "We're not going to come sanction you for activities that we authorize US persons to do."

Now, let's talk about non-US persons. If you are an Indian refinery, if you are refinery in Malaysia, South Korea, Japan, and you are not doing Iran business because of the sanctions, you are not going to all of a sudden become interested in Iran's oil because of the 30-day authorization. By the time you put an order, you receive the petroleum, you're out of the license timeframe. And as a matter of fact, there could be a changing US administration. The next administration comes in and they don't really care about the license that was issued three years ago by the prior administration, and they might come sanction you. They understand the compliance community is very smart about these things.

So I have no doubt that no new buyers, reputable, large petroleum companies, refining companies, all of a sudden became interested in Iranian oil. Now, I understand there was one or two smaller refineries in India that showed some interest maybe picking up a couple cargoes of Iranian petroleum, but as soon as I think Reuters or another outlet reported on it, they asked the cargo to turn around and not go to India because, again, because of the reputational damage or risk of picking up Iranian oil despite having that 30-day authorization.

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So I think what really happened here, there are two things. One, the authorization probably gave some level of comfort to the shipping industry to move this oil, to handle this oil that was already on tankers in the water, whether it was bunkering services by port operators, crude staffing services. Maybe they felt comfortable providing those services pursuant to that authorization.

Buyers who were already buying Iranian oil, they're just going to continue buying. And those are the small teapot refineries, many medium to small to medium-sized refineries in China, they were buying before, they're just going to continue buying it. Now, with the general license, what's going to happen is the Iranian seller of petroleum probably didn't really negotiate over the price as much, or the Chinese didn't have the negotiation leverage because it was authorized, so the discount was probably less, meaning if Iranians had to give the Chinese buyers \$12, \$15 per barrel on discount because of the sanctions risk that the buyers were taking, now the sanctions risk is not really there because there's a 30-day authorization. So maybe really they just said, "Hey, I'm not going to give you the discount because you're not taking a sanctions risk on."

So let's say it's true that they didn't discount it at \$12, \$15 per barrel, and they've sold the oil in full price, which again, I think is unlikely because I know the teapot refineries, historically they haven't been able to afford full price oil, and that's what they say in sanctionable oil because of the financial distress situation they're in.

So even if you get the \$10 additional revenue for the sellers of Iranian petroleum, then I think Dan and I, we ran a quick math this morning. You know, 1.5 millions a day, if the entire 1.5 million ended up being sold, you're looking at probably \$450 million in a full month. If all 30 days went through and all the 30 days, the discount wasn't there for the teapot refineries, then you look at \$450 million, additional perceived revenue that ended up for the Iranian sellers. One additional point, Iran, because of the sanctions on the financial institutions, the financial sector or the financial sections that have been in place on Iranian petroleum petrochemical trade, Iran has been really, to the most part, unable to bring or repatriate the revenue from oil from China because the banks don't want to touch these funds. We're talking about large amount of funds, and the banks are very hesitant to move these funds.

Now, we know IRGC, for example, managed to sell some oil and move the funds through shadow banking to other jurisdictions. But to the most part, the Iranian oil revenue stays in China, and then Iran would use those funds to offset its trade with China for the import that it brings from China. So at the end of the day, I disagree with this assumption that that general license actually was ... First of all, it was not really, I wouldn't consider it a sanctions relief because we have a very clear definition of sanctions relief. I think it was a short-term authorization for certain transactions. And I don't think that really translated into any significant revenue for the Iranian regime.

DOUGHERTY: Elaine or Dan, anything to add there?

DEZENSKI: Yeah, I'll just jump in here. I just spent the last three days at the ACAMS Conference, the Association of Certified Anti-Money Laundering folks, and all the major banks are represented there. And of course, there's a lot of discussion on Iran and what's happening. And I don't think this general license issue moved the needle at all with respect to how the major banks are looking at risk and transactions that might be coming through. I mean, this is really, as Miad has said, it's a really narrow transaction window primarily for the Chinese buyers. And there are certainly dynamics around that, as he's laid out. But for the rest of the system, for all banks that are connected into the Western financial system, it's really status quo. And I would describe it as a huge amount of uncertainty. Banks being very concerned about the risks and the lookback period around transactions and deals that would give them pause for venturing anywhere near this sort of situation under the general license. Thanks.

DOUGHERTY: Quick reminder, you can ask your question, you can use the raise hand feature and you can ask it yourself or you can submit something in the chat.



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Dan, can you flesh out a little bit more of your findings from your research and your economic model?

SWIFT: Yeah, happy to. And I'll just point to some of the assumptions since we're talking about hydrocarbon losses. There are some things to be aware about in the model. For instance, we're assuming that even if the blockade were able to lift today, we'd still look at about six months for Iran to get back to pre-crisis or pre-war export levels. I think that's pretty conservative. Honestly, given the market disruption that Miad described among the shadow fleet, there's also potentially physical damage inspections that need to take place.

So for instance, on Kharg Island, while the US intentionally did not strike oil infrastructure, you still need to inspect that. You're going to have to get on the ground and do a pretty detailed assessment. And there's also a lot of conflicting reporting today and yesterday about potential mines in the Strait of Hormuz as well too, and how long those might take to clear.

Petrochemicals are a little bit different. That's a more decentralized supply chain with different nodes. And our understanding is that a lot of those nodes were hit early in the March period. And in fact, Iran, I think on the 14th of April, specifically prohibited exports of petrochemicals. So given the nature of the intentional destruction in that sector, we think it will take much longer, an absolute minimum of 12 months to really get those back, if everything went well to pre-conflict type levels. Gas is a little different. There is some piped gas that might be able to recover more quickly, but gas and petrochemicals are tied together for a lot of reasons. I know our energy reporters know.

Yeah. And also, there's pretty good numbers on certain aspects of physical replacement and damages to the Iranian military on things like Navy vessels and fixed wing and rotary aircraft. Some of the uncertainty you'll see when we publish is around the nuclear facilities, very tough to know exactly what the replacement cost would be and how damaged those facilities are. But as I said earlier, we're very happy to update this as more information becomes available, but let's not lose track of the larger picture as we're still talking about a very large estimate of damage to the Iranian economy. So we should be clear-eyed about that as negotiations are underway.

DOUGHERTY: And Dan, how are you going to present this data later on this afternoon, I'll be sharing with-

SWIFT: Yeah, we'll have two links to send you. One is a graphic, which you'll have some ability to kind of manipulate and look at different types of scenarios. And then we'll publish a research note, we're trying not to make it too long or onerous, that will get in a little bit more detail about the model itself. But if you have specific questions or more specific than what the research note, or what we're calling an Insight covers, please feel free to reach out to me via Joe and we can get back to you. Again, this is an inherently difficult exercise, but we did do it systematically and we tried very much to err on the side of caution.

DOUGHERTY: Very good, Dan. I've got questions from Miad and also for Elaine. Elaine, the question I'll be sending to you in a moment is what you expect the administration to be doing moving forward, what it shouldn't be doing, what you would suggest.

But Miad, I'm wondering if you've seen any surprises over the last week or two in either US actions or Iran's response since you've been on this Iran file as long as you have?

MALEKI: Surprises? Huh.

DOUGHERTY: Perhaps none.

MALEKI: Is that your question? Is that your question or someone asked?

DOUGHERTY: That is my question.



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MALEKI: That's your question?

I mean, Iran closing the Strait of Hormuz after a war, I wasn't surprised by it because I know these guys, a bunch of revolutionary, they don't always look at the numbers as much as they should have because at the end of the day closure of the Strait of Hormuz was really just an economic sabotage operation that they committed against their own economy. I would say that I was surprised that the level of ... Let me go back to what we discussed earlier today, that they didn't go to Pakistan, they didn't go to Islamabad, Iranians chose not to go. And there was some element of surprise there because I thought they can probably get a decision made quickly as far as what they're willing to give up, and they would come into the negotiations and then drag their feet and try to get some kind of a relief and then do what they usually do with a delay tactic for negotiations.

But then they didn't come. And I view that as no one within the team, the B team, Iranian regime politicians, none of them are willing to be the one coming to Islamabad and making the decision that would probably be very costly for them within the 10 to 15% hardcore supporters that they have in Iran who have been over-promised an annihilation of Israel and a defeat of US. And now they're coming to Islamabad, they're giving up a \$900 billion nuclear enrichment program in return to almost nothing. So that's just my takeaway from the weekend.

But before we go to Elaine, one quick point for everyone to just remember, when we talk about sanctions relief, when we talk about what Iran is getting out of this, the Iran having leverage, and there's a private sector, there's government actions. The private sector is the one that is going to really determine the extent that Iran would benefit from any kind of sanctions relief.

And so I would invite everyone to go back to the JCPOA when Iran has some really broad, really robust sanctions relief given to them, how much of that really became or materialized into relief for the regime. Some of it was due to their own corruption and spending priorities that are not really aligned with their national interest. But when the JCPOA was being negotiated, if you recall the \$1.7 billion cash that the US government settled with Iran and was sent to Iran on pallets on airplanes, the reason that US government ended up sending cash was because there was no bank, regional, international bank that was willing to touch that money and get that money to Iran, even at the request of the US government, out of fear of US sanctions, they still were not willing to touch that money, so US government had to give Iran cash.

So that's a really good example of us to think about when we discuss sanctions relief and whether US government decisions on authorizations or even waivers can really materializes into relief for the government of Iran.

DOUGHERTY: Absolutely.

MALEKI: Over to you, Elaine.

DEZENSKI: Yeah, thanks for the question. And it's a very good question, something we've been thinking about. I want to go back to something that Treasury did very recently, which was reaching out directly to a number of banks in the UAE and Oman, as well as mainland China and Hong Kong, a pre-notification, if you will, indicating that those institutions could be sanctioned for supporting flows to the Iranian regime if they do not shut down and block those accounts. This was a pretty strong signal from Treasury. And again, this was something that the compliance community was talking about earlier this week as to how far Treasury will go with those sorts of potential secondary sanctions and what the implications are. And I think there's a bigger question which is coming up, and it's the question around whether our system, our very integrated global financial system is too integrated to fail.

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So much like after 2008, when we were grappling with the question "are financial institutions too big to fail?" after that shock, there's a real question now as to how far we will go in terms of requiring financial institutions to comply. It would be a real bazooka type of shot if Treasury came out and said, "We're going to apply a Section 311 jurisdiction, money laundering jurisdiction designation to Hong Kong, for example, or Dubai." It's certainly a ways off from that, but it's really a question that we face. How far will we go and what additional measures will this administration take to cut off these illicit financial flows. The best way to think about it is cancer in the system and how far we need to go to clean it. So that's something that I would be watching pretty closely, whether treasury makes good on some of those threats to impose secondary sanctions. So that's one area. The other area that I would be looking at is with respect to China and what we may do to either cut off certain supply routes coming from China to Iran, for example, Chinese ships carrying sodium perchlorate, an ingredient that can be used as a missile propellant.

There's been some discussion about whether those types of shipments have arrived in Iran already earlier this month, and there's some reporting that suggests China may also have been preparing to export shoulder-fired rockets to Iran, capable of striking American helicopters and low-lying planes. So getting at those supply lines that would embolden the Iranian military response or provide resilience on their economic front would be really important. There's another big question out there as to how much of the negotiations now will feed into a discussion with China around the trade conversation coming up and whether some of the leverage that we might be now gaining on Iran would also invoke China and how that's going to play out in terms of what we want to achieve with a trade negotiation in China. So everything is interconnected at this point and it'll be interesting to see how the administration uses its leverage, whether we're talking about interdiction of shipments, maybe more export controls, coming down on certain parts of the financial apparatus globally to make it more difficult for Iran to achieve what it wants.

DOUGHERTY: Thanks, Elaine. Thanks, Miad. I've got a question. I think I'll start with Dan on this one. It's from Howard at the Christian Science Monitor. He asks, "Do the findings suggest any trend in prices in the US, particularly of gasoline? At one point, we were hearing US gas prices unlikely to come down for six months no matter what. Any thoughts on this?"

SWIFT: Yeah, so the model does not forecast, nor does it account for US gasoline prices. Although I might put Miad on the spot a little bit to talk about reserves that other countries are holding, including the United States and maybe weigh that a little bit. Sorry, I'm going to turn interviewer against the timelines he provided for Iran for how long until their storage capacity is reached. So maybe I'll just kick it over to Miad on this one.

MALEKI: Sure. There's a lot of numbers and I haven't memorized them all, but I know that Japan, and we're talking about crude oil or gasoline, crude oil. Is it crude oil that we're talking about here?

SWIFT: Crude, yeah.

MALEKI: So on crude oil, Japan, South Korea, India, and China, they get the majority of their crude oil and LNG from Persian Gulf, from Strait of Hormuz. Japan has, I believe around 229 days worth of oil stored, and again, maybe I need to pull those numbers and maybe we can get back to you later on with a more precise numbers, but putting the numbers aside, the Asia market is a tier one as far as when it comes to the effect of the flow of oil out of Strait of Hormuz and LNG. South Korea, I believe India and South Korea are the most vulnerable, they're going to have the most short-term effect of crude oil shortage coming out of Strait of Hormuz. The reason for South Korea is because their semiconductor industry really heavily relies on the fossil fuel and that is going to be affected and that will affect the US market as well.

From India and China, we're going to run into probably petrochemical shortages if this continues for a while, and I believe South Korea is also a source of jet fuel. So we can probably go back and look at the numbers specifically, not really my direct area of expertise, but we pulled some of these numbers.

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SWIFT: Sorry. Yeah, and I just mean to say that the US is now as we know, a net exporter of a lot of hydrocarbons and a lot of Asia has pretty extensive stored capacity. Not every country in Asia, I don't want to say that, but many of the larger economies do, and so that is certainly they have more time in storage than Iran has until its storage fills, and I think that's an important dynamic.

DOUGHERTY: Okay, I think that does conclude the questions that are in. Dan, Elaine and Miad, I would like to give you each about 30 seconds to summarize your key thoughts. But for the journalists on the call, first of all, thank you for joining us. We know you've had a busy day and there's a lot going on and you chose to join us, so thank you for doing that. I'll get the video of this conversation to you ASAP once the call is over, the transcript to you within 24 hours. If you would like to talk with any of our experts here separately, please email me at press@fdd.org, and I'm happy to schedule a conversation with them, and you can also find all of our research at fdd.org. We'll start with Elaine and then we'll go to Dan and then we will wrap up with Miad.

DEZENSKI: Thanks, Joe, appreciate it. I think if I leave you with one key takeaway, it's this notion that we're in a pretty serious economic moment, and we are seeing all kinds of tools around economic warfare come into play in a different order and with different mechanisms than we have seen in other types of conflicts. So from that perspective, Iran is a bit of a proving ground around how the US can use its economic statecraft in ways that provide and apply some unique pressure on the Iranian economy and as a corollary to what we're doing on the military front. That said, there's still a tremendous amount of work to be done around how we use these tools most effectively, and I want to put in a bit of a plug. We're launching some new research on an economic security game plan. We are hosting an event on May 5th, and you are all invited to attend, and we're going to be digging into this question of how do we stand up something like an economic Pentagon for economic warfare?

What does that look like? Because frankly, we're in the middle of an economic war in Iran without the benefit of something like an economic Pentagon. So this is one of the areas that we want to explore in a lot more detail and would love for you to join us. Thanks.

DOUGHERTY: Thanks, Elaine. Dan?

SWIFT: Yeah. For me, I just want to remind everyone that our estimate of Iran's economic damages from the war is about 40% of their pre-war GDP. While this is inherently difficult to estimate, this does provide a systemic means to do so and reflects the really extensive damage that Iran has suffered. We will update these as more data becomes available and events unfold, so our estimates will change. Thanks, Joe.

DOUGHERTY: Thanks, Dan, and Miad.

MALEKI: Sure, and I just wanted to go over some of the points that I raised earlier. The combined cost of the blockade and Iran's economy is about \$435 million a day. That's \$276 million in lost exports and about \$159 million in blocked imports. That's around \$13 billion a month, and as Dan said, the entire 43-day war campaign caused somewhere around \$140-some billion in total damages. The blockade matches that pace in economic terms alone without really dropping a single bomb, and the fact that Iran really has no viable alternative to the Persian Gulf. There's six ports on the Gulf that handles over 90% of Iran's seaborne trade. Kharg Island alone moves around 92 to 96% of Iran's crude exports. We discussed the shortage of storage capacity that Iran's going to face very soon, but it's also the imports matter as much as exports, I would argue even more.

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And that has to do with the gasoline that we discussed that Iran's going to have to deal with that issue, which would be a significant domestic pressure, and the regime's budget is also built on a foundation that really just no longer exists. Let's not forget about taxation, which is about 40% of Iranian regime's revenue, they need to pay government salaries. One-third of Iran oil that is sold in the market directly pays Iran's armed forces salary and operational cost, and it's a clock that is ticking much faster on Iran's side when it's going to have to make some really difficult decisions on salary payments and where it's going to have to cut back.

DOUGHERTY: Miad, Dan, Elaine, thank you very much for your expertise. This does conclude today's call.

DEZENSKI: Thank you, Joe.