



Strait Victory: Bypassing Iran's Hormuz Chokepoint

June 3, 2026

Featuring Richard Goldberg

Hosted by Mark Dubowitz

DUBOWITZ: Welcome back to *The Iran Breakdown*. I'm your host, Mark Dubowitz. Today we're going to dive into the waters of the Strait of Hormuz. It's that key waterway that's gotten so much attention since Iran effectively closed it to international shipping, wreaking havoc on oil markets and commodity markets. We're going to dive into a counterfactual. What would have happened if we had allowed Iran under the JCPOA, the 2015 Obama deal, or a response of no action? Where would Iran have ended up if we'd allowed them to develop nuclear weapons and thousands of ballistic missiles and drones and the economic power to actually permanently close Hormuz? We want to look at Project Freedom, that 36-hour quickly aborted military intervention where President Trump decided not to let the US military move ahead in escorting ships. And what was the role of Saudi Arabia in that abortive mission? We're also going to look at alternatives as the world adjusts to this critical choke point.

There is a broad recognition that nobody wants to give the Islamic Republic of Iran permanent leverage over the strait. So how can we find alternatives, overland and financial, that actually renders Hormuz a shrinking and diminishing asset? I'm joined by my FDD colleague, Rich Goldberg. Rich is a senior advisor at FDD. He runs the Energy and National Security Project at FDD, and he has a distinguished career in government and in the military. Rich served in the House and Senate. He was in the first Trump administration as a director of countering Iran's weapons of mass proliferation program. He also served in the second Trump administration where he stood up the Energy Dominance Council. He's a perfect person to talk about energy security issues and Iran, and we've had him frequently on the program for master's classes on everything you need to know. This is *The Iran Breakdown*. Let's break it down.

Rich Goldberg, welcome back.

GOLDBERG: Thanks for having me.

DUBOWITZ: Listen, you're a fan favorite. I mean, I get so many messages from people when I have you on. I feel it's humbling because they don't even know that there's a host. So, it's good to have you back. I want to dive right into this whole debate over Hormuz, and I guess the three things I want to ask you on is a kind of counterfactual. If you can sort of walk us through where we would have been in the battle for Hormuz if we had stayed in JCPOA or we had not acted last June or this March against Iran. Two is really kind of give us an update on the negotiations that the Trump administration is having with Iran over opening Hormuz, and is there a military option, a kind of return to Project Freedom, which I think is a very important part of this discussion.

And then what I really want to focus on, Rich, with you is let's call Hormuz a diminishing asset or point of leverage for Iran. So, throw those sort of three questions out and work your magic.

GOLDBERG: That's a lot to unpack there. I mean, let's start with the first question. The counterfactual, what does the world look like today if we had stayed with JCPOA or if we had not acted either last year or this year in a military path to degrade or destroy Iran's nuclear and missile capabilities? I think Secretary Rubio has probably articulated this the best multiple times, where he talks about the rate of production of Iranian missiles coming into this year and the trajectory that Iran was on to just be able to have a conventional force field around them, a deterrence because of just the sheer volume of missile threats that would give them cover to move to the finish line on the nuclear threat, which of course means they now are a nuclear weapons state with thousands upon thousands of ballistic missiles and cruise missiles capable of carrying nuclear weapons, long-range missiles among them, and a space launch vehicle program to perfect an intercontinental ballistic missile.



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And so where does the Strait of Hormuz fall in all of that? Well, you have to understand that the Strait of Hormuz, if you say that today Iran is in control of the Strait of Hormuz, that is a catchphrase I've heard. And the people who like to say that say, "Well, they weren't in control of the Strait of Hormuz before this conflict." I mean, traffic was moving before the conflict and traffic is not moving now, but if Iran already had thousands of short-range ballistic missiles and drones and swarm boats and all these capabilities, they had latent control over the Strait of Hormuz. They just decided when they were going to activate it, and had not done so until now because there was decapitation, there were responses, there was command and control being pushed into the forward elements of the field. By the way, not clear to me or anyone else that they actually knew they were going to close the Strait of Hormuz effectively right now.

It's something that they may have sort of fallen into and inherited in the fog of war. Who knows if they would want to do that ever again because of the economic costs that this has done to them via the blockade. But we are where we are here. Just understand that if there was ever a moment that they wanted to do this, they had the capability to do this. So, in other words, they already had effective control of the Strait of Hormuz. They simply weren't exercising it to this extent, but imagine they then had thousands upon thousands of longer-range missiles, and imagine they had actually crossed the nuclear threshold, and then that's when they say, "We'll now be accepting tolls to cross this strait, or you can't cross." Or we're in the heat of battle in the Indo-Pacific and the Chinese have made a move on Taiwan and obviously one of their close allies, the Islamic Republic of Iran, they tell them, "Hey, shut down the Strait of Hormuz, or threaten to, or do something over there.

You have nuclear weapons, you have long-range missiles, nobody can touch you, and you're going to be helping us put pressure on other people." Yes, it's their own supply, by the way, but as the Chinese have proven just now, they have built up on the back of illicit Iranian imports and Russian imports and until recently Venezuelan imports, a massive strategic petroleum reserve of their own. So, they would draw down on that, squeeze the West, and threaten them saying, "Hey, if you do anything to Iran, which you can't touch because they have nuclear weapons and long-range missiles, we'll close the strait. So don't touch us. Let us take Taiwan." That could be a scenario. Or they simply, the hidden Imam just appears, they have the nuclear weapons and they say, "What do you want to do to us now? We're a nuclear power. You can't start attacking us.

You can't have a conventional war with us. We're a nuclear weapon state. So, if you attack us, we might launch missiles and you don't know what we're going to do." So this was going to happen at some point if you don't confront the capability, if you allow that capability to just metastasize in the same way that Iran will get nuclear weapons if you don't attack the capability at some point, if you don't arrest the capability, whether through pressure and diplomatic agreement, or eventually if you allow them to run far enough under cover of negotiations and sanctions relief for several years, which is what happened between 2021 and 2025, then you end up having to use military action to arrest that threat. And that's what's happened here. So, it's a counterfactual. You can't say, "I know exactly what Iran would've done." You don't know that Iran would've gotten nuclear weapons on this date or on that date.

You don't know if they would've held on till 2031 had we stayed in the JCPOA and built up their trillion dollars of sanctions relief and then run for the bomb, because they would've been allowed to enrich to any level at that point. JCPOA supporters, by the way, will say, "Oh, my counterfactual is we will have negotiated a follow-on agreement or extended the JCPOA and they wouldn't have got there." Okay. Well, they would've already perfected all their missiles. The manufacturing pace that you saw them at would've already done plus much, much more, because they wouldn't have been under sanctions pressure. Remember, there's no restrictions on missiles in the JCPOA whatsoever. So you perfect the space launch vehicle program, you perfect your ICBMs and other long-range missiles. You got thousands upon thousands, tens of thousands upon tens of thousands of ballistic missiles. You're allowed to enrich uranium to any level by 2031, you're deploying your advanced centrifuges.



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I mean, okay, good luck. I guess you could get a follow-on agreement. I'm not sure what you're paying for that, but it would seem to me that they'd be in a pretty strong position both to get nuclear weapons, insulate themselves from any threat to stop them from getting nuclear weapons with their missile program, and at that point say, "What are you going to do about the Strait of Hormuz? Nothing."

DUBOWITZ: Yeah, it's interesting. I mean, you remember the JCPOA debate. I do not remember one member of the Obama administration ever making the argument that, look, we understand this is a limited agreement that has certain flaws, it will expire at sunset, but don't worry, three or four years before the expiration of the sunsets or the restrictions, we are going to renegotiate this agreement and make it better. In fact, it was the opposite. The argument was this was a great deal that permanently cut off all pathways to nuclear weapons. Ergo, there was no reason to renegotiate it because we had them, as Jake Sullivan continues to say to this day, we had them in a box. So, it's sort of interesting that 11 years later, now all of a sudden we're hearing about a strategy of renegotiating the JCPOA.

GOLDBERG: Once the fight happened and the majority of Congress, both chambers, even though they didn't have enough votes in the Senate to pass a joint resolution of disapproval, but a majority bipartisan in both chambers saw the evidence and said, "This is a bad deal." They said no. And you went through the follow-on years of maximum pressure and you saw all that they had hidden from negotiators, and the nuclear archive being taken out in 2018, all the evidence of deceit in the JCPOA, and you saw their missile program advancing. When the Biden folks came in, they adopted a new message, which was contrary, as you say, to the JCPOA talking points, which was, "This is the best deal we can get and it's putting them in a box." This was the JCPOA. And you hear this now. I mean, people testifying right now on Capitol Hill, when Democratic senators who supported the JCPOA are trying to ridicule Secretary Rubio up on Capitol Hill.

I saw this week. They say, "Oh, well, of course it was a flawed agreement, but it was better than nothing." So now all of a sudden there's an acknowledgement, and there was already in the Biden administration. That's why they said, "Oh, well, now we want to," what was it, "the longer, stronger?"

DUBOWITZ: Stronger, broader agreement. Yeah, that certainly became the talking point. Look, I don't want to go down the rabbit hole on JCPOA because we could talk about it all hour. I do think what you said was really interesting to me, which is, look, even if Iran never develops nuclear weapons, but they're on a trajectory to develop what I think the IDF assessed was about 11,500 ballistic missiles, capable of traveling about a thousand to 3,000 kilometers in two years, plus all the short-range missiles they had, plus this ICBM program that was under development, which would threaten not only our European allies but threaten the American homeland, that they could have permanently locked down Hormuz even without nuclear weapons, but just by having this deadly missile arsenal. And much of that arsenal, at least the production capabilities, have been destroyed and the arsenal has been cut in half, and that deadly trajectory to 11,500 has at least slowed down. And if we continue to provide sanctions enforcement and push back against Chinese attempts to reconstitute that program, Iran will not be in that deadly missile end state that they would have been in.

I think that's to me the most important issue on Hormuz, is that we actually have a fighting chance to win the battle of Hormuz, whereas in that deadly end state, game over, we're not going to fight Iran to reopen it.



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GOLDBERG: Well, and here's one other thing, and I think this probably goes because you talked at the top about talking potentially about the diminishing returns of Hormuz for the regime. Once you get the nuclear weapon, I mean, I suppose there is historical precedent for regimes that have given up and abandoned their nuclear weapons programs, but a regime like this crossing the threshold, detonating, building out weapons, being an Islamist North Korea on the Persian Gulf, they're not giving it up. That's it. That's permanent. That's a permanent change for the entire world and for our life and our economy and all the downstream effects of what it means for the Islamic Republic of Iran to be a nuclear weapon power. The Strait of Hormuz is not permanent. That is a diminishing asset for the regime because there are alternatives. Because –okay.

DUBOWITZ: Before we go to alternatives, because I want to go there, I just want to continue just this line of reasoning. Rich, I don't understand why President Trump stopped Project Freedom. I don't understand why the Saudis had a veto right over Project Freedom. Reportedly. Reportedly. And I truly don't understand why President Trump has not ordered the US military to open the straits and not engage in negotiations with the Iranians where they can not only engage in nuclear extortion, but what you've also called Hormuz extortion. Fill the listeners in on what went down with Project Freedom.

GOLDBERG: So, I think we have to be sober and think about the possibilities, right? What are various possibilities here? Why didn't the president just restart major military operations and bring out the B-2 bombers and keep bombing everything you can find inside of Iran and work through their targets? And somebody said, I think it was the president or maybe [CENTCOM] Admiral [Brad] Cooper, somebody has, I think, said publicly that they got 85 or 90 percent of their targets done before they declared ceasefire and they could go back to get the rest of the 15 percent. Well, why don't we do that? Well, there is a possibility, if you look at the open-source analysis, that we went after everything above ground and have basically laid waste to that which sits above ground in the industrial base of the missile program, supply chains, the defense industrial base, the drone program, various nuclear weapons-related sites that are above ground, including laboratories at universities that appear to have been hit. When you look back at what was going on, industrial sites that feed into the missile program, think about steel, petrochemical, et cetera.

And then there's a range of underground facilities, these missile cities, command and control bunkers, in addition to the underground nuclear sites like Fordow Mountain, which has not been hit at all, but we've talked about it in past episodes. Is it the case that with so many reports of B-2 bomber runs, we didn't try to destroy all those underground facilities? Clearly we did, I would imagine. Is it the case that these facilities are so hardened that maybe we got some, maybe we didn't? This is where you get reports of entrances being blocked and having to try to dig out of these facilities, and they're using the ceasefire to dig out of facilities. That's sort of a degrading of capability for an interim period. It's not destruction of capability. And so if you're the commander of the operation, if you're Admiral Cooper or [Chairman of the Joint Chiefs of Staff] General [Dan] Kane, if you're the president, you say, "Okay, have we reached the diminishing returns on a dedicated air and sea-only campaign of that which we can hit with the munitions and platforms that we have?" That's a possibility. So, what's the point of restarting that military operation if you're just going to drop more precious munitions on targets that are not being destroyed with those munitions because they're so hardened?

It's a possibility. Now, could we obtain new intelligence? Could we do clandestine things? Could the Israelis do clandestine things to help us gain access to facilities and destroy them? Maybe. It will probably take some time. Could we use the ceasefire, by the way, to learn a lot and get a better handle on the battle damage assessment and then fine-tune your weaponeering ideas for later? Maybe that's happening. Do you take up the idea of just laying waste to Iran's energy infrastructure? This has been talked about. Well, why don't we threaten them the way the president did once and take out the power plants, take out all the refineries? I mean, they're already stressed on gasoline right now with the blockade and their domestic capacity having been eroded over many years and running out of money, having to start cutting back on how much they give out because it's subsidized still, even if it's less than it used to be.



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You take down the refineries, they don't have any gasoline anymore, no fuel. I mean, that's going to be pretty unpopular, plus actually crippling to the IRGC. Okay, so let's say we start targeting these facilities. Well, Iran has proven that they still retain a retaliatory capability with precision to hit back commensurately at those types of sites around the Gulf. And so, you would imagine power plants and refineries and oil itself and water desalination plants, that are really the crux of how the Gulf lives on water in that area with their desalination plants, that would be a major crisis. And by the way, you still might not have the Strait of Hormuz open because the Iranians would still retain their short-range capabilities to threaten maritime traffic, and instead you'd have oil, instead of hovering right now around \$90, upwards of \$150, or who knows, with long-term damage to oil supply that's not just suddenly redirected to pipelines because the oil itself has been hit, and millions of people are being evacuated from cities because they don't have water.

So, I understand why the president might think about that and hesitate there. So that leaves you the last piece, which I've recommended from the beginning, which is keep the blockade and do blockade plus. Focus on a different objective, a different mission: just the Strait of Hormuz. Redirect all that naval and air power that you have there to a simple mission of helping guide maritime traffic through the Strait of Hormuz, defend against missile threats as they come in, defend against drone threats as they fly in using all of our naval and air power, and fight back. See where the fire's coming from, see how they're coordinating, see what the command and control is like. How are they doing the targeting? How are they talking to each other? Who's in charge here? Because remember, there is still some sort of fracture that we can't fully understand from the outside.

It's talked about by administration officials. It's talked about by CENTCOM that they've never fully recovered in their command and control from the decapitation and early strikes of the operation. And so somebody out there is actually in charge here. You should be able to understand who that is and go after them. Now maybe they're in some deep underground bunker, you can't get them, but their above-ground capabilities, their telecommunications relays and radars and above-ground missile launchers and the people who are on these islands like Abu Musa Island and Qeshm Island right around the Strait of Hormuz with bases there, all of that should be something that we can retaliate against and then see what happens. See if you can actually move to checkmate by getting oil out on our terms, defend against the threat, and keep the blockade. To me, that's what checkmate is. Now the Iranians know that's checkmate.

So, they may decide, "We're not just going to fire at the tankers. We're not just going to fire at the US Navy. We're going to say it won't be symmetrical. It won't be proportional. You might think you're just guiding ships out. We're still going to hit all of the Gulf energy and water." And maybe they've issued some sort of threats like that. Suddenly we start this. And I wanted it to be called Operation Epic Passage. I thought that would be great, go from Epic Fury to Epic Passage. Okay, the president went with Project Freedom, very nice. And so Project Freedom gets announced. It's like, wow, we're doing it. We're doing it. And everybody's confused. Is this a convoy? Are we escorting tankers? Is this man-to-man defense, so to speak, for the maritime community? It turns out it's more of zone defense, for those who understand the sports analogy, where we won't provide ship-to-ship coverage like a true escort mission, as you remember back in the 1980s during the Reagan administration. But we don't need to, because so long as we spread our counter-missile capabilities from our naval vessels in the right places and our radars are properly positioned and our air assets are up and looking for threats and everybody's talking and working together, we'll be able to defeat the threats using zone defense.



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By the way, that was already practiced and applied against the Houthis in the Red Sea for a long time under the Biden administration and of course during the early Trump administration. So we've done this mission before in some ways, and so it starts. We understand that we transited under fire. We did some mapping early in the ceasefire, right? After the first meeting in Islamabad, you heard that the meeting went terribly. The Iranians couldn't go the extra mile. The vice president gets on a plane, comes home, and suddenly we learned that the US Navy has transited the Strait of Hormuz. What are these ships doing there? We know we have various technologies based out of Naval Central Command there, NAVCENT in Bahrain. We seem to be mapping. We seem to be looking for any mines. We think we've figured out a safe passageway and we publish the coordinates to the international community saying, "Follow this road, follow this path amid the mighty waters and you will be safe and we will protect you if anything happens." And we sign up a few tankers to come through, a couple of them, and they go through under fire and we defeat all the missile threats, we defeat the drone threats, and everybody gets through.

Now all of a sudden within 36 hours of this happening, there is retaliation coming in against the UAE. There's, I think, a missile attack or a drone attack at Fujairah, where the overland pipeline of the UAE comes out south of the Strait of Hormuz. There's other threats going on against more in the Gulf. There's questions of have they broken ceasefire on the Iranian side. Are we going to go into major military operations? And the mission here is not to restart major military operations. It's to defend ourselves from where the firing is coming from, try to degrade that immediate capability in self-defense, but focus on defending the shipping lanes and bringing out the ships. And so at a press conference, Admiral Cooper's asked about, or I think General Kane's asked about this, and Secretary Hegseth asked about this, and they sort of say, "No, it's above my pay grade.

Right now we're not considering certain things." Ceasefire violations, our retaliation is described as love taps, and it's possible the Gulf sort of saw this playing out in real time, that there will be attacks on them, on their energy infrastructure, in retaliation for the US successfully guiding out ships, and the US will not consider that a violation of the ceasefire because they want to focus on the mission of guiding out the ships. That could be one thing that could set them off and say, "Well, we're not signing up for this." It could be the point of the Saudis saying, "Well, we think water might get hit." Maybe they got a direct message through channels that we don't know about of a threat, and they said, "Hey, we're not taking this risk. We're not letting you fly through our airspace. You can't do this mission. We're telling the Iranians we're not a part of it."

And then Central Command, from what I understand, and maybe it's true, maybe it's not true, maybe this whole thing's a big excuse and I can give another explanation of why it's over. Maybe our military saw capabilities being used and said, "Woo, we might lose a destroyer. We'll get 99 percent of the threat, but one gets through and a missile hits a destroyer. They're using hypersonics, they're using cruise missiles or whatever it is. This is pretty dangerous. This isn't worth it. We shouldn't do this mission. We should just stay with the blockade." Possibility, not the one that I've been told, or I think you've been told, or most of our sources relate to us. We're told that it was the Saudis and others who pulled overflight rights and that Central Command said, "Well, we can't do this mission if we can't go through airspaces and land potentially and base and fuel.

It's not going to work because we need to combine air and sea capability to effectively provide that zone defense." And so it was done and we haven't gone back. We transited out and we never came back in. So Project Freedom was great for 36 hours. We'll never know how it would've ended. Maybe we will, maybe we'll restart. Maybe the Saudis at some point see the negotiations dragging on, the good faith that the president has put into trying to get a deal, and the Iranian side just being unwilling or unable to say yes to anything. And at that point, what are they going to do? There is no alternative if the global market is in stress.



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DUBOWITZ: But Rich, what I want to ask you is, I mean, you and I have been to Saudi Arabia many times and certainly have good relations with the Saudis, and I don't mean any disrespect to the Saudis, but I mean, we have bases there, we defend them, we provide them with sophisticated American weaponry. And at the end of the day, when not only do we need it, but more importantly, they need it, I mean, they need the strait open. The Gulf needs the strait open. The Europeans need it. The Asians need it much more than we do. The idea that one of our close partners in the Middle East, Saudi Arabia, would dictate to us that we can't fly over their territory and we can't use our bases that we've used to defend them strikes me as backing down to an important partner, but one that was not with us at the time that they should have been.

And we should have dictated terms and should dictate terms going forward. I mean, if the strait remains closed and the Iranians have permanent leverage over it, that's going to be severely damaging to the Saudi economy and to the economies of the Gulf. So again, I like to give the Saudis the benefit of the doubt whenever I can, but should we?

GOLDBERG: I'm a little nuanced on it just because I think it's hard not to acknowledge the Saudi role in containing the price pressure to some extent of the Strait of Hormuz being effectively closed, because to their credit they built, a long time ago, an east-west pipeline to go from the Persian Gulf side all the way to Yanbu on the Red Sea at seven million barrels per day, let's call it, pretty extraordinary. Right there, a third of the oil that normally flows through the Strait of Hormuz is moving overland by pipe and loading in the Red Sea. But for that Saudi pipeline, you would have seven million barrels less per day coming out to the world. The UAE, of course, has its own overland pipeline that juts out at Fujairah. That's only about, let's call it, 1.7 million barrels per day. They have announced, by the way, they are 50 percent complete on a second pipeline, which will add another two million barrels per day, which is extraordinary, and that's supposed to be ready next year, and nobody knew about it until it was just announced in the last couple of weeks by ADNOC, and Dr. Sultan over there is doing amazing work.

That's spectacular, but it's not ready now. It's not relief today. It will be helpful next year. Maybe the Saudis are working on their own. I hope they are. There should be another east-west pipeline or a north-south pipeline. I've heard that there's a south pipeline as well that they might have in mind that either goes through Yemen or Oman, similar to the Emirati one. I put that in one bucket. They have helped mitigate the price. They've continued to take the risk at the Red Sea and they've kept the Houthis in check in some way. Now, part of my brain, of course, has an alarm that goes off being like, how exactly are they keeping the Houthis in check? Sounds like a problem we'll have to deal with next week, Mark, on your next episode of *The Iran Breakdown*. But they have not entered this conflict. They have been taken off the board in some way for now.

That has proven to be helpful in focusing on the threats we're facing in Iran today. So let's deal with that quandary another day perhaps, though I think we will have to deal with it in various ways down the line.

At that point, yes, what are the Saudis doing when they're under attack to use the beautiful US military platforms that multiple presidents have sold them, to some controversy and resistance in the US Congress over many years? I mean, I was a house staffer when [former Rep.] Anthony Weiner would offer his joint resolution of disapproval on every Saudi arms sale every single year. And here they are. Mark, you and I, we've been out and seen our own US military aircraft being used by the Saudis right there at the alert base where they're supposed to intercept threats from Iran or respond to it with pilots that are trained here in the United States. And we have radar systems, we're providing for their air defense, and we're defeating most of the threats. My God, fight back. Fight for yourself.

DUBOWITZ: Well, like the Emiratis have, right? Reportedly, I mean, the Emiratis have been heavily engaged in offensive strikes against Iran, have flown, again, shoulder to shoulder with the US and Israeli Air Forces. I mean, the Emiratis have shown some real spine.



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GOLDBERG: And then there was a follow-on leak, I think, where somebody was like, "Hey, we're cool too. We conducted one strike inside of Iran." Maybe there was a journal follow-up report or something like that. So maybe they did something as well, the Saudis. Maybe all of this is starting to come out into the public now. We didn't know the Emiratis were fighting until the ceasefire, now. And maybe the Saudis did something else. We don't know. But it is clear that if the Saudis played a central role in pulling the rug out from under Project Freedom, that is something that is unavoidable. That is basically denying them victory over the Islamic Republic of Iran, letting that fighter in the ring regain strength, get their bearings, not fall to the canvas, and then holding their lifeline hostage. I mean, that's crazy. You can't allow that to happen.

And at the same time, I understand this is a large population. It's not the Emirates. There are real consequences to a water desalination plant being destroyed, Riyadh having no water. What are you supposed to do? Their energy resources being hit. They're already under budget or over budget and under timeline on Vision 2030 projects, and that's creating stress already inside the Saudi system. So I understand there's a lot here. There's a lot to sort out, but we can figure this out. We can provide additional protection. We can threaten the Iranians and say, "Let us be clear, we are not targeting your water desalination. We're not targeting your power plants. We're not targeting your refineries. We can do all of that. We can hit your oil. We can hit cargo and just destroy it for good." We haven't done that, but we will if you attack the Saudis or the Emiratis or the Qataris or anybody else in that way.

DUBOWITZ: Well, by the way, we can also say to our Israeli friends who have a long list of targets of leadership, top three, top seven, top 10, top 20, top 70, top 300. At the end of the day, if the Iranians retaliate in that way against US forces or our allies, that we will let the Israelis just go through that list and eliminate leadership one by one by one. I mean, the Israelis have target banks, have exquisite intelligence on who these people are. At some point, those are targets too. And I think these people, they may want to be suicidal jihadists, but then again, maybe they don't. Maybe they actually do want to remain alive to see their Islamic Republic survive and thrive as they think it will. Rich, let me –

GOLDBERG: And one other thing is that if the administration is not doing this, working with the Department of Interior that has great expertise, working with allies like Israel that has great water expertise, we can develop a plan, a mitigation plan to put into effect in an emergency fashion. We should be doing that throughout the ceasefire. We should have already done this, to say to Mohammed bin Salman, the Crown Prince, if they were to hit your water desalination plant, here's everything we can provide in a coalition that is ready to go, and we're deploying it now preemptively, that has to do with repair. First of all, the defense side: we can harden your facilities in short order and provide more defense. We will have various repair technologies. We have mobile systems for interim periods while we're doing repair. We have ships, we have all kinds of things to provide to you, and we will roll them out.

We are going to fly them in. We're going to steer them in, whatever it takes. And oh, by the way, he also has the Red Sea side with additional desalination capability that he may be able to leverage. So those conversations should happen right now because we should be able to get them to yes.

DUBOWITZ: Yeah. And I think that's right. I mean, not only the Red Sea in terms of desalination, but the Mediterranean. I mean, the Israelis have world-leading desalination technologies and are producing huge amounts of desalinated water. They're actually shipping by pipeline that water into Jordan. That pipeline also goes into Saudi Arabia. I mean, I can imagine a pipeline that goes from the Mediterranean through Israel through Jordan into Saudi Arabia, providing backup water supplies to the Saudis. And again, I think this is where I want to get to in the last part of the conversation, and you've already touched on this in various elements, is Hormuz as a degrading asset for Iran. Apart from the east-west pipeline, Fujairah pipeline, other Emirati pipelines, backup desalination on mobile and maybe alternative water pipelines, what does the world need to do so that in three years, five years, Hormuz is no longer a critical chokehold on the global economy and the Islamic Republic has lost that card entirely?



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GOLDBERG: Okay. If I was running the Development Finance Corporation right now, I would put in place a consortium with US financing, putting in potentially equity as well for US investment alongside commitments by every Gulf partner who wants to be a part of it, who of course have a lot more money and have the vested interest of actually getting their product to market. And I would do something called either a RAM Express, you could do something called a RAMlink, TransaRAM, whatever you want to call it. This could be a partnership initially with the Saudis, it could be with the Emiratis, it could be both. Get Bahrain on board, get Kuwait on board, bring Qatar on board for the gas side, bring the Iraqis into this because they actually have some issues we'll talk about. But everybody who is an oil, gas, Petrochem, byproduct producer, exporter of the Gulf that is relying on the Strait of Hormuz, get into a consortium with the United States, with offtake agreements that come in very quickly from all of your customers who right now are in short supply and cut off in Europe and particularly in Asia and elsewhere, and say, "We are going to build pipelines to move all of this product by land, avoiding the Strait of Hormuz, in a historic amount of time.

The money is there, the feasibility is there. The Gulf does not have environmental regulations like we do. There's no EPA, there's no trial bar, there's no EIS for years and a FERC agreement and all of that. None of that stuff's happening in Saudi Arabia or the UAE or Kuwait or Iraq. It's just go, because this is their entire existence and it's the world's supply, but we can be a part of it and they can take the lead on actual building. And if the Emiratis can wave a wand and build a second overland pipeline in a year, then the Saudis should be able to do record-setting time on additional pipelines to the existing east-west pipeline. Move oil that otherwise needs to go through the Strait of Hormuz overland, can do more to the Red Sea, you can go also where the UAE has gone through Oman, you can go up, you can go north.

And here's where I think there could be opportunity to have the Saudis link up and help their Iraqi brethren as well. And that is, Iraq right now is also cut off from the Strait of Hormuz, from all the oil that typically comes out of Basra in the south. And while in the north the Kurds have a pipeline that moves the northern Iraqi oil through Turkey back around to the Mediterranean, called the Iraq-Turkey Pipeline, the oil that's trapped more in the center and south doesn't have that pipeline capacity, doesn't have that ability to move. They rely on Basra and exports through the strait. So if Saudi wanted to have additional infrastructure, and if Saudi, by the way, is already talking about their realignment with other regional players that include Turkey, and I know that that will be controversial to some, and there's a lot of pluses and a lot of minuses in empowering Turkey more, but Turkey has a major pipeline already.

They have multiple, and Iraq is already negotiating for additional pipeline linkages to move oil north and hook up with Turkish pipelines. The Saudis can move things, have the Iraqis join on, and eventually move product up through Turkey and back around to the Mediterranean. Or something else could even happen: if you had normalization, you could just move product through the IMEC corridor, straight through to the Mediterranean, a lot easier through Israel. And you could either go straight up the Red Sea and hook up or you can go through Jordan as well. So I see a future of massive investment, massive, unprecedented investment in overland pipelines solving this problem in the next couple of years if everybody gets on board for it. And at that point, you're going to have to have an incredible amount of air defense and ground defense and hardening and the ability to rapidly respond to drone attacks or missile attacks on all this pipe.

That's real. By the way, the Iranians have actually attacked the East-West pipeline over the course of this conflict. The Saudis are not unused to this. They're very good at quickly repairing. And the way that technology works is you see an attack, you shut off this little sector, you go repair it, you turn that sector back on. Remember the Iranians had a major attack at Abqaiq in 2019, 5 percent of the world's oil supply disrupted in that moment. They got it back online pretty quick.

DUBOWITZ: We visited that operation center, if you remember, at Aramco.

GOLDBERG: I remember it.



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DUBOWITZ: Incredibly sophisticated. I mean, maybe the Saudis are not that impressive militarily, but they certainly know how to operate oil infrastructure and get it back online quickly. Rich, if I could just add to the idea, because you mentioned that the suppliers of oil and natural gas should be contributing money along with the United States through DFC, but certainly the buyers of oil and natural gas in Europe and in the Indo-Pacific I think also have an incentive to contribute. So you're right. I mean, we could raise hundreds and hundreds of billions of dollars to build out this infrastructure.

GOLDBERG: Now here's the counterpressure and counter argument I'll make from the American energy dominance brain that I have. Energy dominance still wants to have low-cost energy. And so if there's a global shortfall that's putting pressure on WTI and the demand for our energy is high and our exports are at all-time highs, that's good that we're at all-time high exports and production. We want to keep going. We don't want to disincentivize people buying American, but we also want to ensure that there's equilibrium in the market and people are hooked onto our supply but at a lower cost for the American consumer as well. So I think that there's a way to get there. I think that in many ways what has happened in this crisis is that in Asia and Europe, the demand for American oil has gone up, and obviously that demand's not going away anytime soon.

Even if you ended this crisis by walking away or having, God forbid, an extortion payment for the Strait of Hormuz, nobody wants the Strait of Hormuz anymore. And so until pipelines get built, they're coming to us, and there's enormous pressure on demand for American oil. The gas side of the house, by the way, is coupling. It's a whole different elephant. I mean, the Qataris are in a terrible position right now because America is awash with gas. We can't get rid of it fast enough. We have to pay people to take it off our hands in parts of Texas when you look at the pricing, because the oil price is higher and so you just want to get rid of the gas and get to the oil in parts where there's trapped sections. It's amazing to see, but everybody's lining up to take offtake from us on gas right now, and we are just saying, "Hey, who needs gas? Who needs gas? Who needs gas?" And you add on the possibility of an Alaska pipeline in the future. I mean, long term, we are literally the gas station for the world, not the gas that you put in your car, but liquefied natural gas.

And it is unbelievable to me when you think about the fact that here we are in June of 2026 and at the beginning of January of 2025, we had an export ban in effect, effectively, on American LNG. What a crazy world, what an unbelievable thing. That's never going to happen again. I think Democrats who signed the letters and said, "Hey, we're not sure about this LNG thing. Let's pause export terminal licenses. Let's not do LNG." After what we've been able to do to unhook Europe from more Russian gas over the last year, and now what we're doing in the middle of this crisis to hook everybody else who can't get access to Qatari gas, American gas, we're not going back. LNG is here to stay. That is a revolution for the United States in energy security and national security and energy dominance and all of that. I'd love to be able to get there with oil. We, however, do not function like the Saudis with swing capacity where we can just snap our fingers and say, "Hey, guys, you have all this oil. Why can't we build? Why can't we just sell six million more barrels per day all of a sudden, or three million barrels per day?" Can't do it. It doesn't work like that. And our major oil producers are looking at this and saying, "Okay, well, if the Strait of Hormuz opens, future prices will come down, and so we can't make a long-term investment at today's price when in a year from now the price will be very different." That's their balance. However, we should note that the world is changing while this is all going on.

And I think it's part of why the price pressure, everybody's saying, "Oh, it's all fake. The market's just being deceived and that's why the prices are not \$200 as was predicted or \$150. It's going to go soon. It's going to go soon. We're almost out of supply in the world." The issue of global stocks declining and the pressure that's putting on the president to get the Strait of Hormuz open may be real, and we can talk about that in a whole other episode.



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But it's also true that when you look at the shortage, the shortfall, and you look at the increases in American oil production exports since the end of February because of the conflict, and you look at the trajectory of Venezuelan oil exports coming online and increasing day by day, and you look at new oil discoveries and new oil that we've hit in the United States in Alaska, they just hit first oil in a new production site that's supposed to go up to I think 70 or 80,000 barrels per day on top of all the increases that we steadily get in the Gulf and elsewhere. When you look at things going on in Argentina and Brazil and elsewhere, all of that starts adding up. In our hemisphere, we are becoming this energy powerhouse hemisphere, obviously with our Canadian allies as well and others. And then it's all within our sphere of influence, and you're seeing how the elections are going in Latin America. This next half century in front of us stands to become an American-led Western hemisphere once again, without Chinese control, without Russian control, without IRGC and Hezbollah control. Really, our future, what's going to happen to Cuba, et cetera.

It's all linked together in this energy picture. And I think you then see the Chinese, the hidden invisible hand in the market at the moment, artificially reducing their demand because of the price and instead going into their own strategic reserves. And there are some estimates that they've gone down six million barrels per day in imports, and that has a dramatic impact on the price.

DUBOWITZ: But Rich, sorry, just explain that. Why are the Chinese doing this?

GOLDBERG: Well, I guess they don't have to, but because they face a supply crunch themselves right now, they're not getting their oil out of the Gulf. They could try to source differently, but their demand has reduced because they're shutting down production. I think they're taking a huge hit on GDP. They're shutting down factories inside the country. They are basically saying to the market, "We don't need the oil coming out of the Strait of Hormuz. We are going to start drawing our reserves instead." And so they're drawing down this massive reserve that they have been building up for crisis moments that I don't think they wanted to use because of Operation Epic Fury. This is not the moment, if you were Xi Jinping, you wanted to tap your strategic petroleum reserve, but he's doing it. And so the market sees that the Chinese are not in the market right now buying.

So the gap, the delta, the shortfall in supply is not as dramatic as you think it is. So you add on the increases in exports going on in the Western hemisphere, you take down the Chinese demand out of the market, and your shortfall is very different than what you'd expect, and it makes sense where prices are. That doesn't mean that reserves aren't still being drawn down, and we're seeing our strategic petroleum reserve being drawn down as well. By the way, it does make sense in some ways, rationally, to sell your oil at high prices and buy it back at low prices. That's actually making money.

However, it also takes longer to refill a strategic petroleum reserve of the United States than to draw it down. It's a dirty secret most people don't know. And it was also broken during the Biden administration when they drew down too rapidly for the Ukraine crisis initially. So it will take us a little bit of time, a great deal of time, to refill the strategic petroleum reserve. But I would imagine the idea there is sell high, buy low, and we'll be able to afford a lot more and refill it. And of course, in that, we are already the world's largest energy, oil producer, oil exporter right now, there's also an argument of whether or not you need a strategic petroleum reserve when you're in that position.



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DUBOWITZ: Right. Rich, in the remaining few minutes, I also want to deal with another issue with respect to Hormuz, because we've talked a lot about the physical supply of oil and natural gas, but we haven't talked as much about the insurance and financial piece of this. Tell me if I'm wrong, but my understanding is when the Iranians first moved to shut down Hormuz, it was less physically shutting it down and it was more undermining confidence in London amongst the maritime insurers, Lloyd's of London, the P&I insurers, who were no longer either willing to underwrite those ships, those tankers, or willing to but at exorbitant premiums. And tell us a little bit about what the US government response to that was. And then I wanted to just sort of float an idea, which is very similar to your DFC-led international consortium on pipeline development, and that is a DFC-led international consortium on maritime insurance where the major countries around the world in Europe and in Asia, the United States in the Gulf, contribute significant sums of money into an international maritime insurance fund, which could step in in times of crisis, whether it's Hormuz or the Strait of Gibraltar or the Strait of Malacca or the Taiwan Strait or Bab el-Mandeb.

I mean, if there's some crisis where some adversarial power moves to shut down that important strait, at least on the insurance side, this international maritime insurance fund would kick in and then money would be provided in insurance and reinsurance to underwrite these tankers. So long setup, but maybe you could talk in the final minutes just about the insurance piece of this.

GOLDBERG: Yeah. So back in the 1930s, Congress passed a law that provided US-flagged merchant vessels the opportunity to get war risk insurance for scenarios just like this from the US government, and that is still there today out of the maritime administration within the Department of Transportation. And there's a fund there that's supposed to be funded by Congress. There's arguments that potentially you could issue insurance backed by the borrowing authority of the United States, which could be unlimited or some extraordinary number. And so that would be one place you could do insurance. That's not what you have heard about in this scenario. It's something we could have looked at, though. You'd have to look at cargo that's either US-bound or you'd have to reflag the different ships in the Gulf under the American flag. By the way, this has been used before, this exact process, and we've actually reflagged vessels American to be able to deploy this.

I think you can check me on this. It was actually used at the outset of Operation Iraqi Freedom with the potential that there would have been retaliation by Saddam Hussein out of Basra against tankers or vessels. So there's precedent for it. It's on the books. The alternative, of what actually played out, was of course thinking about people who have financial expertise, and there's not that much financial expertise in thinking about creative instruments and consortiums and a massive amount of money deployed very quickly and working with the private sector compared to what you have at the Development Finance Corporation, which is literally built to be that for the United States abroad. And in the early days, I mean within 48 hours of this kicking off, we were starting to get reports flooding in that Lloyd's had pulled insurance for all the tankers and that tankers were slowing down, not moving, afraid to move until they had insurance.

And so the first week of the operation, people in Washington were working the phones and talking to the shipping community and talking to the insurance community, and they really believed this was an insurance problem and that was what everybody was saying. So we needed to get insurance. There's no insurance. Well, the Lloyd's committee met a few days later. They reissued insurance but at extraordinary prices that were pretty unaffordable, and you didn't see anybody availing themselves of that insurance, or at least nobody was moving still even with that insurance available. So there was still this view of, "Oh, there needs to be insurance that's cheaper and more aligned with what they were paying, and then they would move." And so within a couple more days, the Development Finance Corporation, with the president's insistence and direction, had rolled out this idea of DFC-backed insurance that would be for basically war risk insurance for tankers, hull insurance, and cargo insurance both needed in this case being provided.



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There was some dollar amount that at some point got increased. They were looking for who could be an implementer so that they wouldn't have to be the direct insurer, but could be either a reinsurer backstopping a private sector insurance company, that ended up being Chubb insurance. And so there is this, whatever, \$40, \$50 billion insurance capability right now that Chubb has to sign anybody who wants up and say, "Okay, I'll take this. And if I get hit on the way through the Strait of Hormuz, Chubb and the US government is covering all of my losses." To my knowledge, we don't know who, if anyone, has actually signed up for that. Quickly, though, even after it was rolled out, we would start making those phone calls again to everybody in the shipping world and the oil world, saying, "Why aren't you moving? Why isn't anybody taking the insurance? It's there. Is it not enough? Fine, go to the Department of Transportation. There's this whole other existing statute we should use." And then they started noticing, well, actually US Central Command was issuing guidance to mariners to not move and to avoid the Strait of Hormuz. And it was in fact a security situation because it was a hot war and we didn't have the assets focused on defending the tankers.

And so if everybody just tried to go through, they could actually get hit and you could have massive damage and blockages in the Strait of Hormuz. So Central Command didn't want to deal with that. The view was, execute against the targets, execute against the mission that you have. The objective is not the Strait of Hormuz in Epic Fury. And then at some point later on, they will focus on that objective, and that was what Project Freedom was all about.

And so today I don't believe there's an insurance problem. I think there's a security problem and a confidence problem. Project Freedom could solve that. But to your point, there are other straits. There are other bottlenecks. There are other adversaries that may look at taking a play out of this playbook. There will probably be a lot of countries around the world that we partner with and that are allies who rely on shipping that would probably want to avail themselves of some sort of consortium the way you're proposing. So I think it's an interesting idea.

DUBOWITZ: Yeah. I mean, I worry a lot about Hormuz. I worry a lot about these other straits. I mean, if I were the Iranians, and I hope they're not listening, but I'm sure they've thought about it, not only would I use the Houthis on Bab el-Mandeb and try to shut down Red Sea shipping, and by the way, choke the east-west pipeline that the Saudis are using and any other pipelines that are being built with Red Sea access, but I would get Indonesian pirates or Malaysian jihadists to close the Strait of Malacca. 20 to 30 percent of global trade and oil goes through that. It's two miles wide compared to Hormuz, which is 20, 25 miles wide. Gibraltar, obviously key. Taiwan Strait, obviously critical in terms of semiconductors. So I think the United States, we've got to win the battle for Hormuz, Rich. We either have to win it diplomatically, economically, or militarily, but I want to thank you.

This has been, once again, a Rich Goldberg special masterclass. Learned a tremendous amount, honor to be your colleague, and looking forward to having you back.

GOLDBERG: You bet. Thanks for having me.