



## Are we soon filling BLOOD-GASOLINE?

The Strait of Hormuz, separating Iran from the Arabian Peninsula, is the world most important seaway for Oil supply. Over 15 million barrels a day, equals 1/5 of the global oil flow, becomes shipped through the only 35 Km wide bottleneck which counts as an artery of global trade.



Due to the suspected Iranian Nuclear activities, Israel has threatened, not to tolerate, the evil Ayatollah Regime to get "the bomb". As Israel so far is preparing for a military strike against Iran, the western world is concerned about the dramatic Impact on global economy, the closing of the Strait of Hormuz would have.

### **Iran last Wednesday renewed its warning!**

Defense Minister Ahmad Vahidi said: "Iran will do anything to preserve the security of the Strait of Hormuz". And Iran's armed forces chief, Brigadier General Ataollah Salehi, said: "We don't have the intention of repeating our warning, and we warn only once!"

Iran has dramatically ramped up its navy in recent years. An arsenal of anti-ship missiles, missile boats, fast-attack ships and mine-laying vessels support their most powerful naval forces, the elite Revolutionary Guards with approximately 20,000 men.

## **US and UK Air and Naval Forces are ready to battle for the Strait of Hormuz!**

The Royal Navy has assigned two brand-new one-billion GBP warships into the Persian Gulf to defend the free flow through the Strait of Hormuz. HMS Daring and HMS Dauntless are the utmost modern 180 crew vessels, equipped with most modern technology, e.g. such as stealth design to cover up best for foreign radar. Furthermore flight decks to accommodate Chinook sized Helicopters, 48 high-tech Sea Viper anti-air missiles eligible as well to shoot down fighters or destroy sea skimming missiles. Each will also carry 60 troops as well as 700 people in case of a civil evacuation.

Also the Pentagon quietly shifted combat troops and warships to the Middle East. A new deployment includes a helicopter unit and two Army infantry brigades plus aircraft carrier such as the "Carl Vinson" and "John C. Stennis" and their strike forces have joined the already stationed 15,000 troops in Kuwait.

Russian and French air and naval forces moved to the Syrian and Iranian coasts. France has sent the aircraft carrier Charles de Gaulle.

Canada also was sending a warship, the HMCS Charlottetown, to the Mediterranean where it would take over from the HMCS Vancouver.

### **Far from talking up the problem, the impact on global economy could be dramatically!**

- New York Times – Thu, Jan 5: "Oil Price Would Skyrocket if Iran Closed the Strait of Hormuz"
- Closure of the Strait would have a "huge impact" on the price of crude oil, increasing near to \$200 per barrel, results in gas prices around € 5 per litre!
- China is Iran's most important oil customer and has invested heavily in Iranian oil fields. A blockade would punish the People's Republic economy drastically.
- Rising Energy Prices would cause disastrous effects for the debt stressed EU-Countries.
- Sky-High Gas- and Heating Oil prices dry out Europe's consumer spending abilities. The anyway struggling European economies are driven into deep recession.
- The Euro-Zone is breaking apart due to the series of credit defaults of the southern states. Hence the for Mid 2012 scheduled ESM (European Stability Mechanism) can't get ratified, and the temporary ESFM is far not sufficient for all bailouts.
- Europe faces its first new millennium currency reform. The Euro likely becomes split into a North- and a South-Euro.
- Sea blockade take severe effects on the 2.7 million b/d Iraqi oil exports.
- US sanctions on the Iranian Central Bank (ICB), which takes the payments for Iranian oil exports, strangles Indian and Chinese economies. Companies with exposure to the US market will be punished if paid money to the ICB.

#### **seen in Germany March 2012**





- Saudi Aramco former head executive Sadad Ibrahim Al-Husseini said: "To close the Strait of Hormuz would be an act of war against the whole world"
- Also Iraq, Kuwait, Saudi Arabia, Qatar and the United Arab Emirates rely on this route to ship their oil and gas exports. A blockade would affect their economies dramatically. Iran can't play with global economies and honestly believe that nobody would react.

## Not necessarily that drastically, but ... because

- Iran is unlikely to take such hostile action. Roughly 80% of its governmental expenditures are gained by oil exports. 29,2% of its export income is generated from Europe (as seen in the figure below). Iran also imports 40% of its consuming petroleum products. A long term Sea-Blockade would produce large negative impact on Iran itself. Its own shaky economy relies on exporting at least 2 million b/d through the strait, which is the only sea route from the Persian Gulf.
- A shortage due to a blockade would EU and U.S. tap their Strategic Petroleum Reserve (SPR) of holds 700 million barrels which is good for almost 13 months likely longer if oil consumption drops due to high prices.
- The SPR in Germany is approx. 250 million barrels. According Directive 68/414/EEC the 27 members must hold a strategic petroleum reserve of at least 90 days average consumption.
- United Arab Emirates builds the "Habshan-Fujairah Pipeline" to bypass the Strait of Hormuz for oil exports from east coast terminals. Operational by June 2012, it pumps 1.5 million b/d from Abu Dhabi fields to Fujairah on the Gulf of Oman
- To preserve their heavy investments into Iranian oil fields, China would likely resort to private diplomacy instead of military force.



Despite deterrents to armed confrontation, a miscalculation is possible and could cause an overreaction on either side. Iran already attacked Kuwaiti tankers, when carrying Iraqi oil, in the 1980s. The US reflagged Kuwaiti ships to American and escorted them with warships. Iran backed down so far but still planted mines. When 1988, an American frigate hit such a mine and almost sank; US warships destroyed some Iranian oil platforms. Followed by attacks and counterstrikes for months, an American missile accidentally shot down an Iranian civil plane, killing 290 people.

**Consider in time  
the right investments.  
Be on the safe side, when  
currencies are crashing.  
Papermoney is the death  
sentence for your wealth!**

Jan 2012, K.F. Duxen