Panel: Energy and Oil in the Middle East (Grand Ballroom)
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A broad range of risks are emerging as a result of the political upheavals affecting the Arab world. There are serious internal political strains and risks in Algeria and Iraq. Libya and Syriaôs political future and stability are anything but clear, as are some aspects of their future national unity.

Egypt affects not only gas exports, and a limited amount of oil exports, but also the stability of the Suez Canal and Sumed Pipeline.. Total petroleum transit through the Canal was close to 2 million bbl/d in 2010, or around five percent of global seaborne oil trade. The SUMED Pipeline, or Suez-Mediterranean Pipeline provides an alternative tothe Suez Canal for those cargos too large to transit the Canal (laden VLCCôs and larger). It has a capacity of 2.3 million bbl/d although it only carried accounted for 1.15 million bbl/d of crude oil flows in 2010.

The most serious and immediate threat, however, is to traffic through the Gulf. Even in 2011 -- a recession year ï the Gulf exported a daily of flow of almost 17 million barrels of oil through the Strait of Hormuz in 2011, up from between 15.5-16.0 million bbl/d in 2009-2010. This amounted to roughly 35 percent of all seaborne traded oil, or almost 20 percent of oil traded worldwide.More than 85 percent of the crude oil exports went to Asian markets, and Japan, India, South Korea, and China were the major destinations.

There are only limited alternatives to the Strait, and most already carry additional oil and gas. The active alternatives include the East-West Pipeline, with 5 million bbl/d of capacity across Saudi Arabia to the Yanbu. In addition, there is 290,000-bbl/d of LNG capacity through the Strait and Abqaiq-Yanbu natural gas liquids pipeline, with a 290,000-bbl/d capacity.

The Strait is only 50 km wide at narrowest point, but it is280 km long.Iran has ports on either side of the Strait, there are five Iranian occupied islands in the Gulf to the West of the Strait, and the depth of the Gulf restricts the shipping lanes for the largest tankers to predictable routes Iran has anti-ship missiles with ranges of up to 150 kilometers, ship and air based anti-ship missiles, ordinary and smart mines, a host of small craft with anti-ship missiles or mine laying capability, three kilo class submarines with long-range homing torpedoes and smart mines, and midget submarines. IRan has some 20,000 Naval Guards and 3,000 marines, and numerous ships it can use to raid coastlines, and offshore facilities. These are threats Iran actually executed during the Tanker War phase of the Iran-Iraq War in 1987, and has practiced regular ever since ï including during a major naval exercise in January of this year.

Iran does not have to focus its action on the Strait of Hormuz or carry out the kind of major attack that would ñclose the Gulfò and almost certainly lead to major attacks on a highly vulnerable Iran. Iran practices a much wider range of asymmetric tactics throughout the Gulf, and mixes of attacks that range from ñswarmingò to patterns of extended threats and low-level attacks There is no clear or fixed stopping point to the level of escalation involved, and that land targets could be hit on both sides ï although Iranôs obsolescent air and surface-to-air missile force make it significantly more vulnerable that its neighbors. It is possible that a conflict could escalate to another ballistic missile ña war of the citiesò of the kind that took place in 1985-1988 and again in 1991.

There is no way to assess the risk that the pressure of steadily increasing sanctions could lead Iran to take the kind of actions that to a serious military clash, or that such a clash or conflict could be triggered by a preventive Israeli raid on Iranôs nuclear facilities. Such a contingency seems possible, rather than probable, but a military build-up is already taking place in the Gulf, the Gulf of Oman, the Arabian Sea, and nearby air bases and land facilities. Moreover, without a negotiated settlement, the probably of a serious conflict is likely to increase over time as Iran moves closer to a full nuclear break out capability.