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### POLITICS

# No One Has Really Grokked How Big The Suez/Houthi Gambit Is



Date: December 21, 2023 Author: Tom Luongo

4 Comments

Post

We've had a lot of foreshadowing of the Suez Canal being a major hotspot for conflict over the past couple of years. Think back to the [Evergreen beaching itself in the canal in 2021](#). Everyone is just now waking up to the idea that global shipping is at risk here.

This Twitter thread (by a self-professed moron who, IMO, seems to have a good grasp on things) is representative of the level of analysis being put forth by people still in love with the US Navy's ability to force project around the world. He's just waking up to the importance of this situation but he hasn't picked up on the nuance of it from the other side of the battlefield.



In order to set the stage properly I'm going to have to go back in time. So, let's start with October 7th and the attack on Israel by Hamas. In the [October issue of the Gold Goats 'n Guns Newsletter](#) I laid out why I thought everyone had an incentive to allow and/or instigate that event.

# The October Setup

So, here's the backdrop for *Davos* and the US/UK:

“ Now, if you are a cornered old money globalist oligarch with your finger on the pulse of these events...

*Then, you are seeing:*

1. The project in Ukraine hanging by a thread as European and American support wanes at every level just below the unelected leadership.
2. The ECB failing to hold the line on rising bond yields to stave off a banking crisis.
3. US Yield Curve blowing out on the long end, giving Yellen no good options for funding the current budget deficit or for rolling over existing debt, much of which is due in 2024.
4. German state elections deeply embarrass the ruling coalition in Hesse and Bavaria as well as the CDU/CSU who lost significant votes to Alternative for Germany (AfD) in CSU stronghold Bavaria.
5. Polish elections forcing the ruling Law and Justice Party (PiS) out of power despite tough words about Ukrainian refugees and shaking Germany down for WWII reparations.
6. The BRICS adding five nations which give them control over major trade routes into and out of Europe, including, but not limited to, the Suez Canal.
7. The US geopolitical position in the Middle East degrading as Saudi Arabia sides with Russia and Iran on every issue.

8. Iran becoming an integral partner in the burgeoning Asian integration on trade and policy.

*Would you not conclude that time had run out, and upsetting the game board in some major way was your best, if not only, move?*

Now, from the other side we have the following circumstances:

“ *If this [revealing the depravity of Neocon hatred of Arabs] was Iran's intended goal, then mission accomplished.*

*It also implies that they are ready and willing to open up the entire can of worms across the Middle East in order to bring the Arab tribes together to further their regional ambitions. And there won't be a T.E. Lawrence coming to bring them back into the British fold this time.*

*Because Israel's response here will likely preclude any of them being able to stand aside and let Israel just wipe out the civilians in Gaza, even if secretly they despise Hamas as much as the Israelis do.*

*So, if you're Iran and you see:*

1. Weak US leadership in Biden and a vacant speaker
2. Support for Ukraine failing rapidly.
3. The Arab oil states standing firm with Russia athwart US/EU sanctions.
4. China investing in Syria's reconstruction.
5. Turkey openly attacking US-backed Kurdish SDF forces over Syrian oil fields.

6. A cynical landgrab by Azerbaijan to break up the International North-South transport corridor in Armenia
7. Russia returning to the European gas market via Turkey
8. Increased influence regionally having re-opened diplomatic relations with Saudi Arabia.

*Wouldn't you do something to upset the status quo and force a choice on the US but also the rest of the Arab world?*

The initial US response was to quickly move in with massive naval force to signal our support of Israel and also to 'warn Iran.' Martin Armstrong immediately brought up the point of this being a trap for the US. The thread linked above has the current disposition of US naval forces deployed around the Arabian peninsula.

The Thucydides Trap is one where a dominant power is provoked into a response against a rising power over an issue that it has to respond to to prove it still has that supremacy but they cannot win. This is exactly what the rising power wants the dominant power to do.

The BRICS' adding six pivotal countries in August, as I said then, was the point of this year's Summit, not the introduction of some gold-backed BRICS coin.

This is what Armstrong brought up, the possibility of Russia/Iran/China springing a Thucydides Trap on the US over Israel.

## **Why the Yemen War is a War in Name Only**

So, how does the Houthi attacks on global shipping fit into this?

The same way that "Iranian Militias" have stepped up their attacks on US forces stationed in Syria and Iraq. The goal is to push the US out of the Middle East and

redraw the map potentially undoing both the Balfour Declaration and the 1916 Sykes-Picot Agreement.

Israel has a choice, the Balfour Declaration is still negotiable, depending on their actions going forward.

Sykes-Picot, however, is not. The Arabs and the Persians are tired of the conflicts the West flares up over old British-drawn borders.

Everyone makes the mistake of thinking that the US backs Israel because of “The Jews.” Once that shibboleth is invoked all rational discussion is shut down. It’s done so to keep us from looking at the far more important thing at stake. That is literally the bullshit cover story for British strategic analysis of the world map from the perspective of a “former” maritime empire.

And, sadly, as I’ve been arguing for years, jews are the ones who will suffer the backlash.

The British (and old continental Europe) understand completely that globalism is dependent on global shipping. On its face, shipping is far more efficient and less vulnerable to sabotage ultimately than multi-thousand-mile-long pipelines.

If you blow up or hijack a ship, you lose a ship. You blow up a \$55 billion pipeline and that changes the map entirely.

That was the lesson of the Nordstream bombings, to remind everyone of how fragile physical infrastructure is.

So, to protect global shipping, which traditionally is controlled by the major European shipping companies and the City of London Insurance industry, attacks on physical infrastructure like pipelines, railways, refineries, etc. makes perfect sense. Blow up ports (Beirut) controlled by your enemy, and you force the world to go through the ports you control.

What I'm suggesting now is that Iran/China/Russia are going after the idea that shipping isn't as vulnerable as physical infrastructure. In fact, the US "empire" is a naval one just like the British one was. They are modeled on the same structure and worldview. The US is the inheritor of the British maritime empire.

This is another reason why the rapprochement between Iran and Saudi Arabia was so important. not just to end the Saudi war on Yemen, but to turn the Houthis from a thorn in the side of the Saudi oil business into an asset as they pivot from supporting the old US/British empire to the rising Chinese/Russian/Iranian-led one.

Don't you find it strange that Putin never really struck back after the US/UK blew up Nordstream? All talk of it being led by anyone other than the Neocon crazies in the National Security Council and GCHQ is just misdirection.

Putin is patient. He understood symbolically what Nordstream represented. Pipeline diplomacy is Russia's best chance at avoiding protracted war for the next century.

Stitch the world together with gas and oil, stabilize borders, rebuild Russia, introduce a new kind of peace. It's a kind of peace not dependent on maritime prowess, which is the British model, and well it should be since England is an island in the north Atlantic.

It's a land-based one with control over the geographic chokepoints around the Mediterranean Sea and the Arabian peninsula facilitating opening up new markets and ending old European colonial control over Africa, Asia and even South America.

And now Putin's taking his opportunity to strike at the heart of the maritime prowess of globalism itself by allowing Iran to activate the Houthis to attack commercial shipping around the Gulf of Aden.

## **Target: Egypt**

Now, let's look at the real target of the Hamas attack on Israel. Who has been at the center of all of the major challenges to the globalist plan in 2023?

Egypt.

It is Egypt that the Russians and Chinese were encouraging to default on their IMF debt, offering to write down their debt to Egypt if the IMF did the same. Alex Krainer and I have talked about this *ad nauseum*.

It was Israel's offer to forgive Egypt's IMF debt if they would take all the Palestinian refugees from Gaza that really gave the game away. It was a real offer for once, not just returning stolen property which is the typical *Davos*-style offer.

To reiterate, the purpose of the BRICS Summit in August was their taking 'control' over all the waterway surrounding the Arabian peninsula, i.e. the most globally important shipping lanes to old Europe and what's left of the British Empire.

The Suez Canal.

Egypt was the prize folks. And since the moment it was announced that Egypt would be joining the BRICS, the focus has been on trying to stop it from happening by destabilizing the country. So, let's start a brutal ground war over an attack that Israeli leadership knew was coming in order to create a refugee crisis into Egypt. Let's step up pressure on the el-Sisi government and try for a color revolution again after the election.

Here's the [War Street Journal headline](#), after el-Sisi wins re-election with nearly 90%.

### **"Egypt's Sisi Faces Stiff Challenges in Third Term as President"**

It was a surprise to me they didn't even publicly challenge the result and try for another color revolution. Maybe we finally get to see just how limited the funds are now that Powell's got rates at 5.5%, but I'm just being churlish.



The WSJ article is a roadmap to Egypt's future with respect to its relations with the West. We will try to economically pressure el-Sisi into submission. It won't work because Egypt has powerful friends... that whole rising powers thing again.

So, the way I see this in terms of move-countermove is the following"

1. BRICS bring Egypt into the fold knowing that it opens up alternate funding options for the country outside of the IMF loan sharks.
2. The Hamas attack is allowed to go forward with everyone thinking it's to their advantage to do so.
3. Israel/US/UK think they can pressure Egypt into submission
4. Russia/Iran/China think they can up the pressure on the US to leave the region.
5. Hamas was a sacrificial pawn in this game, by both sides... Iran and the UK.
6. Netanyahu acts completely to type by launching a brutal land grab with talk everywhere about the oil fields, the new trade corridor from India to Israel into Europe, which are direct threats on the Suez.
7. The US moves in multiple carrier groups to 'protect vital shipping operations.'
8. Iran clearly is provoking the US by then activating the Houthis to attack commercial ships. Piracy coming out of the Horn of Africa increases. Everyone still thinks they have cards to play.
9. *Davos* wants the US in a position where it cannot maintain *Pax Americana*. The UK is desperate to maintain this.... this is the fundamental tension between the Neocons and old Europe.
10. *Davos* is happy to cut a deal with China and Russia over keeping trade routes open so they announce quickly that all the major European shipping companies pull out of using the Suez Canal.
11. But notice who the Houthis are threatening... Only the ships of the West, harassing the US Navy, hitting MAERSK liners, denying all ships bound for Israel.

So, is the Suez now unsafe in general because of the lawlessness of the region or is it just unsafe for the West? If China's cargo ships are allowed to go through and Russia's oil tankers as well, then we have our answer.

Because to me this whole thing reeks of a setup. Think about how quickly the *Davos* shipping companies announced their leaving the Suez behind. The obvious point is to deny Egypt the Suez transport fees. The other is that the Houthis are mining the Red Sea.

But, it also possible despite all the posturing, the US refused to fall into the trap of trying to defend them with the US Navy? I don't think this is a likely scenario. The costs to the US are simply too great here if they don't swat the Houthis.

The Hobson's Choice for the US is if the navy intervenes that keeps *Pax Americana* in place for a little while longer but that let's pressure off Egypt, because the minute we do then the Houthis will stop playing games. Egypt stabilizes, the Suez is reinforced and the squeeze is over.

If the US doesn't intervene then *Pax Americana* on the high seas is dead and the pressure on global shipping will increase. Egypt will have to be more directly supported economically by Russia and China. el-Sisi will have no other choice.

But this also secures, in the long run, the pivot point for both China's Belt and Road as well as Russia's International North South Transport Corridor.

And who is the crossroads for both of these? Iran.

Lastly, the cost to Europe will be enormous as the extra travel time around Africa will only make goods coming out of Europe that much more expensive.

## **The Real Oil Angle...**

So, now let's talk about the effects on what this is really all about: oil demand.

We've been subject to unbelievable gaslighting about marginal demand for oil through futures market manipulation, SPR releases, and sanctions policy. OPEC+ keeps cutting production to maintain the price the Saudis need to balance their budget, roughly \$80 per barrel. That level also keeps inflation pressures in the US high, and European competitiveness low, forcing the ECB to defend the euro to keep domestic energy costs down, which they've done for nearly two years now.

Adding length to the average trip for container ships won't just send day-rates for bulk shipping containers higher, it will also use up more #6 bunker fuel, which is what these ships run on. #6 bunker fuel for the layman is just cleaned up crude oil.

In an email to a private discussion group I'm in, the following back-of-the-envelope calculation on global oil demand was made...

“ The average number of suez canal transits per day is 56 (let's say 1/2 divert). The extra deviation around Africa is about 10 to 12 days (use 10). Fuel consumption per day is from 150 to 350 (call it 250). There is about 7.5 bbls per ton of bunker fuel. SO,  $28 \text{ ships} * 10 \text{ days} * 250 \text{ mt} * 7.5 \text{ bbls/mt} = 525,000 \text{ bbls per day of extra consumption if 1/2 the ships that normally use the suez deviate.}$

500,000 bbls/day is nothing to sneeze at. In fact, it's immense in marginal demand terms. It undermines the entire Israeli gambit to pressure Egypt.

And this is why OPEC+ (or BROPEC+) is not screaming about the attacks on shipping. The [QED for this entire analysis is the following headline from Reuters:](#)

**“Saudi Arabia urges US restraint as Houthis attack ships in Red Sea”**

Doesn't anyone wonder why the Saudis are so quiet on this? This is piracy on their doorstep. The Houthis are supposed to be their enemies, since they've been fighting

a war against them for years.

But this gambit by the BRICS is clearly in their best interest and tells you all you need to know about who MbS and the rest of the royal family now back in all things geopolitical. Iranian-backed terrorists are openly harassing shipping around the Arabian peninsula and the Saudis “urge restraint?”

[The US announces a 10-nation coalition](#) against Yemen and the Saudis and UAE (Both BRICS members now) say no?

I don’t see how the US avoids the Thucydides Trap here. While I don’t think for a moment the US Navy can’t deal with the Houthis I also don’t think anyone is prepared for them sinking any US ships either.

The smart move is resolving this without it getting to that point, i.e. engaging in real negotiations. With these idiots in the White House?

Checkmate Putin.

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**PanamaPat**

December 21, 2023 at 9:36 pm

As we know the USN is positioning carrier fleets around Yemen and its obvious they intend to wipe out the Houthi's ability to interfere with shipping in the Red Sea and establish US hegemony over the ME. I also expect that heavy bombers will be dispatched from Diego Garcia to complete their annihilation. In response Iran will pull in its aggression enough to ensure they are not next on the menu. After all, it would be rather simple to completely destroy Iran's ability to export oil.

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**mattl121**

December 21, 2023 at 10:38 pm

If the Houthis or Iran directly actually choke off commerce through that area the USN will have near unanimous support to what they did to Iran in 1988. Russia will skree if their client state gets a hammering but I very much doubt it expands. The Houthis are useful idiots.

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**roentgenium282etfs**

December 22, 2023 at 12:22 pm

This is a column one wants to print out and post on a bulletin board to see how things unfold in the coming months.

I was reading ZH and came across this link: "Higgins Memo." People should read this" in the following article:

The Deep State Agenda Is "Controlled Demolition Of America"

<https://www.zerohedge.com/geopolitical/deep-state-agenda-controlled-demolition-america-alex-newman>

Along with Richard Higgins predicting much of what the Deep State would do to Trump during his presidency he also noted that the ground forces / muscle / shock troops of the Left were Islamist organizations:

"Because the hard left is aligned with Islamist organizations at local (ANTIFA working with Muslim Brotherhood doing business as MSA and CAIR), national (ACLU and BLM working with CAIR and MPAC) and international levels (OIC working with OSCE and the UN), recognition must be given to the fact that they seamlessly interoperate at the narrative level as well."

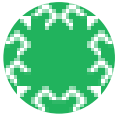
If Higgins' (NSC) knew this in 2016, it seems like every other intel agency in the world would also recognize it as a US vulnerability. I wonder if creating a rift in the Deep State / Progressive coalition was also one of the goals? It certainly makes Biden's job (and re-election) more difficult, if US college campuses are any indicator. That might be a candidate for #12 on your list?

In one of Kissinger's last interviews, he said: "It was a GRAVE mistake to let in so many people of totally different culture and religion and concepts, because it creates a pressure group inside each country..." Now the US has two, pulling in opposite directions.

Also, Alastair Crooke characterized Hamas as a "liberation organization" that welcomed all sects of Islam as well as non-Muslims, so your characterization as it being a "sacrificial pawn" seems correct, if its objective is to liberate more than just Gaza.

Thanks for the Delingpole podcast, what a great conversation!

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**jeffatkinson78**

December 23, 2023 at 1:08 pm

Very interesting article. How confident are you that the US navy can actually achieve its objectives here (whatever they turn out to be)? Given that they will have to shoot down the vast majority of very cheap rockets of which the Houthis no doubt have a plentiful supply with million dollar air defence missiles (which we know are in very short supply). Apparently they cannot replenish their missile stocks at sea either. Presumably the US will have to put its hardware between the Houthis and the sea lanes and will be very vulnerable to land based rocket attacks. I can't see this lasting very long and I think this explains the hesitancy in any major announcements from the DOD.

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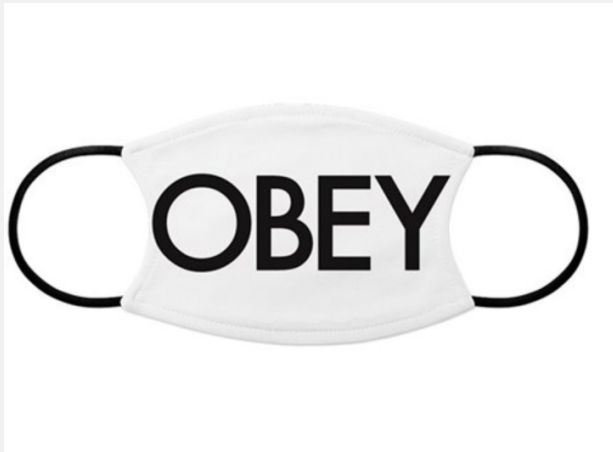
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