

The economic game of chicken between Iran and the US is about to enter a dangerous new phase

51 MIN AGO ▾

Analysis by  David Goldman



President Donald Trump speaks to members of the media outside the Oval Office in Washington, DC, on April 13, 2026. *(Salwan Georges/Bloomberg/Getty Images)*



Iran has been winning its economic game of chicken with President Donald Trump.

Trump's **extraordinary blockade of the Strait of Hormuz** this week shows the United States isn't backing down just yet. But America's significant new step adds substantial risk – to more than just the economy.

If it lasts, the blockade could inflict severe damage to both the Iranian and the US economies. It's a kind of mutually assured economic pain that the United States, with its \$31 trillion economy, is betting it can better withstand.

But the blockade will **require serious military power to enforce**, putting US troops in harm's way – a consequence the US has largely avoided so far by conducting the majority of its attack from the air. Putting boots on enemy ships and taking control of dangerous waters threatens to increase the US death toll.

Americans are already largely opposed to the war, and the blockade risks two outcomes they have demonstrated no tolerance of: even higher gas prices and troop casualties. Trump is betting Iran will blink first, but Iran has withstood severe economic pain before, and there's little evidence it is prepared to back down from this existential fight.

"Oil's game of chicken continues to escalate," said Helima Croft, global head of commodity strategy at RBC Capital Market and a former CIA analyst. "I'm not sure either side is prepared to swerve."

Economic standoff

The blockade could remove from the global market the 1.8 million barrels of crude Iran has been exporting each day during the war. That's about 2% of the world's daily demand – not a ton of oil, but when 12 million barrels a day have been blocked by Iran's effective closure of the strait, every drop counts.

The global oil market has already shown what could happen if the blockade lasts: Crude prices rose by **as much as 8% Monday**. That could send gas prices, already at a 4-year high, even higher. Prices surged by the most since 2022 last month, and inflation-wary Americans are demonstrating zero tolerance for more cost-of-living pain.

Trump on Fox Business Monday acknowledged that high gas prices could last through the November midterm elections .



People put gas in their cars at a Shell gas station located in front of the ConocoPhillips Oil Refinery in Wilmington, California on April 11, 2026. (*Etienne Laurent/AFP/Getty Images*)

“It could be, it could be the same, or maybe a little bit higher, but it should be around the same,” Trump said to Fox’s Maria Bartiromo.

But a successful blockade could be significantly more devastating for Iran.

The blockade will throttle Iran’s oil exports, cutting off its primary revenue source, noted Dan Pickering, founder and chief investment officer at Pickering Energy Partners. Iran’s single pipeline route — to a port on the Gulf of Oman — has just 200,000 barrels per day of realistic export capacity, and the US Navy could also try to blockade that.

“Iran will certainly be hurt by this, and it will be hurt severely,” said Adnan Mazarei, senior fellow of Middle Eastern affairs at the Peterson Institute for International Economics.

How long can Iran hold out?

Still, Iran is well-accustomed to sanctions and economic pain, and it has the resources to hold out for quite some time. After the US **lifted sanctions on Iranian oil** last month, the country’s crude output surged. Total Iranian crude volumes on water — including floating storage and cargoes in transit – reached approximately 190 million barrels this week, according to Johannes Rauball, senior crude research analyst at Kpler.

The US Navy could intercept some of that, but stopping all that crude would be tricky.

“The current measures are unlikely to materially disrupt Iran in the near term,” he said.



A large billboard displayed at Vanak Square in Tehran, Iran, on April 12, 2026 features messages that the Strait of Hormuz will remain under Iran's control. (Fateme Bahrami/Anadolu/Getty Images)

Iran also has developed some tricks to evade sanctions in the past. It has a history of mixing its oil with Iraq's or smuggling fuel through Pakistan, noted Hasan Alhasan, a senior fellow for the Middle East Policy at the International Institute for Strategic Studies in Bahrain.

So, who will blink first?

- "Time is working in Iran's favor," said Rauball.
- "Iran has dealt with devastating sanctions before, and they never abandoned their right to enrich uranium," Croft said.
- "Iran can probably hold out longer than the US Navy would care to enforce the blockade," added Karen Young, senior research scholar at Columbia University's Center on Global Energy Policy.

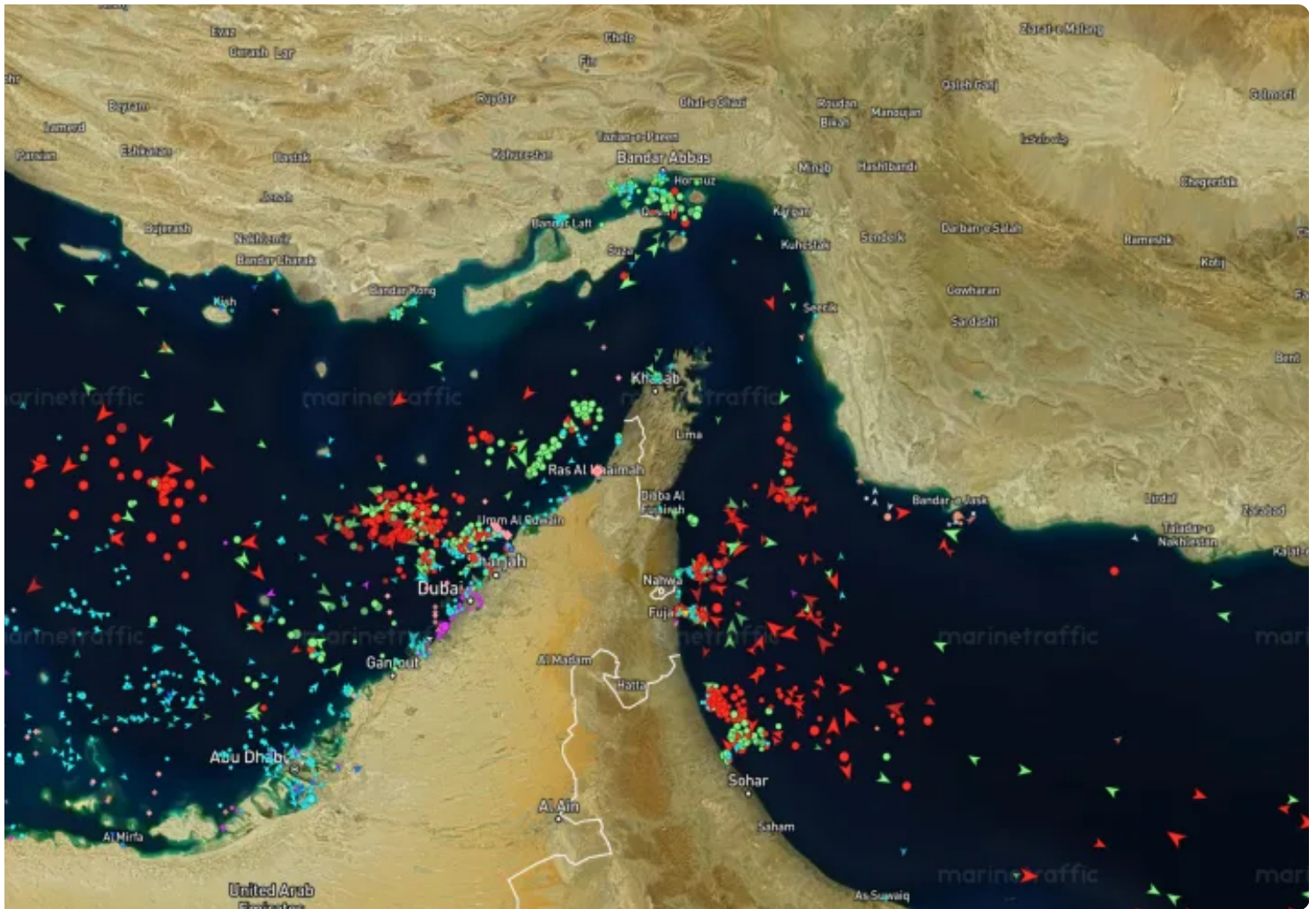
Three votes for Iran.

New phase of war

With its blockade, the United States is effectively taking on a punishing task: wresting control of the Strait of Hormuz from Iran.

The Trump administration said more than a month ago the Navy would escort oil tankers through the strait. But that never happened, in part because of the **danger** to troops from navigating narrow waters while fending off Iranian mines and attack vessels. The complicated logistics made the plan a low priority for the Navy, which focused instead on eliminating Iran's offensive capabilities.

Trump's blockade is functionally the same as the escort plan, only the objective has changed: Navy ships will be tasked with intercepting and commandeering enemy vessels to prevent Iran from getting its oil onto the ocean.



A Marine Traffic screenshot shows shipping through the Strait of Hormuz around 12 pm ET on Monday, April 13. (Marine Traffic)

It's a serious escalation in the war: Trump on Monday said the US will sink any Iranian ships that come near the US blockade. A senior Iranian lawmaker responded that any Navy vessels attempting to block Iran's ports will be "sent to the bottom of the sea." It's not an idle threat: Even with a depleted Navy, Iran has proven capable of targeting vessels in the strait with small speed boats and inexpensive drones.

The blockade also risks spreading the war beyond its current confines. Iran has already retaliated against previous US and Israeli attacks by blowing up crucial energy infrastructure in Qatar and Saudi Arabia, and Croft said she expects Tehran would increase attacks on regional energy facilities if Trump backs his threat with action.

Iran's proxies, including the Houthis and Iranian-backed militias in Iraq, could also enter the conflict more broadly than they already have, Croft warned. They have already begun harassing ships in the Red Sea and apparently attacked a pipeline in Saudi Arabia.

"It's unlikely this blockade will be confined to Iran," said Mazarei.

CNN's Nadeen Ebrahim and Brad Lendon contributed to this report.

