

Maximum Pressure – the USA’s stance in the Middle East

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In his second term, President Donald Trump has embarked on a series of assertive foreign policy shifts that are reshaping US engagement with the Middle East. Emphasising an "*America First*" agenda, the



administration has adopted a more unilateral approach, re-evaluating traditional alliances and international commitments. A notable aspect of this strategy is the intensified '*maximum pressure*' campaign against Iran, aiming to curtail its nuclear ambitions and regional influence through stringent economic sanctions and potential maritime interventions. These policy shifts carry profound implications for multinational corporations operating in the Middle East.

Central to this approach is the reimplementing of stringent sanctions targeting Iran's oil exports, a move intended to reduce its primary revenue source to zero. Treasury Secretary Scott Bessent stressed the administration's commitment to collapsing Iran's economy by shutting down its oil industry, underscoring the aggressive stance taken to prevent Iran from acquiring nuclear weapons.

In addition to economic sanctions, the US is contemplating measures to disrupt Iranian oil shipments at sea. This includes plans to intercept and inspect Iranian tankers, thereby hindering Iran's ability to circumvent sanctions and continue its oil exports. Such actions are part of a broader effort to tighten the economic noose around Iran and compel compliance with international nuclear agreements.

These intensified US actions have coincided with significant political upheavals within Iran. On 2 March 2025, Iranian President Masoud Pezeshkian's administration saw the resignation of Vice President for Strategic Affairs, Mohammad Javad Zarif.

Simultaneously, Economy and Finance Minister Abdolnaser Hemmati was impeached by the parliament, reflecting deepening economic crises and internal disagreements on addressing these challenges.

Middle Eastern perspectives on the Trump administration's policies

Members of the Gulf Co-operation Council (GCC), including Saudi Arabia and the United Arab Emirates (UAE), have historically supported US initiatives aimed at curbing Iran's regional influence. However, following the October 2023 Hamas attack on Israel saw a shift toward diplomatic engagement with Tehran. This change was driven by a desire to prioritise economic diversification and regional stability over confrontation. The fluidity of US policy under the Trump administration has further prompted the GCC states to reassess their strategies, balancing security concerns with economic interests.

The Houthis view the US campaign against Iran as a direct threat to their strategic interests. They argue that these sanctions aim to weaken Iran's regional allies, including the Houthis themselves. On 4 March 2025, the US State Department officially designated Yemen's Houthi movement as a "*foreign terrorist organisation*", following President Donald Trump's earlier announcement. This designation imposes stricter economic penalties in response to the Houthis' attacks on commercial shipping in the Red Sea, and US warships protecting the maritime route.

Iran's internal political turmoil

The recent departures of the two pivotal figures - Mohammad Javad Zarif and Abdolnaser Hemmati - from President Masoud Pezeshkian's administration have profound implications for Iran's political and economic future.

Mohammad Javad Zarif, the chief architect of Iran's 2015 nuclear deal, resigned once again from government, stepping down as Vice President for Strategic Affairs under President Masoud Pezeshkian.

Zarif has resigned several times in his career while serving under President Hassan Rouhani, with some suggesting they are more akin to brief interludes. In August 2024, he resigned as Pezeshkian's aide, but this did not last long as he returned as vice president for strategic affairs within a matter of weeks.

His resignation on 2 March 2025 follows Supreme Leader Ali Khamenei's firm rejection of renewed talks with the US, effectively ending any possibility of reviving negotiations similar to the Joint Comprehensive Plan of Action (JCPOA).

While some reports suggest that Zarif resigned in response to the impeachment of Finance Minister Abdolnaser Hemmati, the semi-official ISNA news agency stated that Zarif's decision was made before the vote of no confidence and was unrelated to the finance minister's dismissal. Instead, Zarif cited a desire to return to academia, stating that he would prefer to serve Iran by teaching at university. However, Zarif's departure is widely interpreted as a shift away from diplomatic overtures with the West. A long-time advocate for engagement with global powers, he had faced mounting opposition from Iran's hardliners, particularly over his son's US citizenship, which saw Parliament Speaker Mohammad-Bagher Ghalibaf join lawmakers in suggesting it is a conflict of interest and possibly illegal. His resignation reflects the growing influence of ultra-conservative factions within Iran's political establishment, solidifying Tehran's increasingly isolationist and confrontational foreign policy stance.

Abdolnaser Hemmati, who was appointed Minister of Economic Affairs and Finance in August 2024, was tasked with stabilising Iran's economy amid crushing US sanctions and a worsening financial crisis. His tenure saw aggressive efforts to curb inflation and halt the Iranian rial's rapid depreciation, but economic pressures, coupled with internal political rivalries, led to his impeachment by parliament on 2 March 2025. Officials accused Hemmati of economic mismanagement, blaming him for the nation's spiralling inflation, currency devaluation and declining living standards. His removal emphasises deep fractures within Iran's leadership over how to manage the country's economic crisis.

Together, the resignations of Zarif and Hemmati mark a pivotal moment for Pezeshkian's administration, with hardliners consolidating control and Iran shifting further from diplomatic engagement toward a more hardline economic and foreign policy strategy.

The exit of Zarif and Hemmati presents significant challenges for President Pezeshkian's administration.

Zarif's resignation diminishes the influence of reformist voices advocating for diplomatic solutions, potentially leading to a hardening of Iran's foreign policy. Hemmati's impeachment shows the administration's struggle to implement effective economic reforms, causing public discontent and undermining confidence in the government's ability to navigate the economic crisis. Collectively, these developments may embolden hardline factions, further constraining Pezeshkian's policy options and hindering prospects for both domestic reform and international engagement.

Potential outcomes and strategic recommendations

The reinstatement of harsh economic sanctions on Iran and the designation of the Houthis as a terrorist organisation increases the risk of regional instability. The US-Iran confrontation could spill into broader conflicts, particularly in the Red Sea and Suez Canal, where Iranian-backed Houthi forces have been targeting commercial vessels. As tensions mount, companies reliant on Middle Eastern supply chains should prepare for shipping disruptions, increased insurance costs, along with potential re-routing via longer maritime paths, such as around the Cape of Good Hope.

The targeting of Iran's oil exports by Washington threatens to reduce global supply, potentially pushing crude prices higher. Given the Middle East's centrality to energy markets, volatility is likely to impact businesses reliant on stable fuel costs and supply chains. Alternative sourcing strategies and investment in energy diversification will be critical for companies with exposure to fluctuations in oil prices.

Conclusion

President Donald Trump's second-term foreign policy approach has significantly reshaped the geopolitical landscape of the Middle East, with profound consequences for regional stability and economic security. The reinstatement of the '*maximum pressure*' campaign against Iran has further exacerbated tensions, contributing to internal political upheaval in Tehran, particularly with the resignation of key figures such as Mohammad Javad Zarif and the impeachment of Abdolnaser Hemmati. Meanwhile, the US designation of the Houthis as a terrorist organisation has escalated security measures in the Red Sea, raising concerns about maritime safety.

For Middle Eastern nations, the evolving US position has prompted a reassessment of diplomatic strategies, particularly among Gulf states that have historically supported containment efforts against Iran. However, the economic and political shifts within Iran suggest a hardening of Tehran's own foreign policy stance, reducing the likelihood of future engagement with the US and its allies.

The broader implications for multinational corporations operating in the region are significant. Rising geopolitical instability threatens commercial shipping routes, while energy market fluctuations driven by US sanctions on Iranian oil could increase costs for businesses worldwide. Companies with exposure to Middle Eastern markets must remain agile, diversifying supply chains and preparing for potential disruptions as the region adapts to the evolving US policy framework.

Ultimately, the Trump administration's aggressive stance on Iran and its allies has reinforced existing fault lines in the Middle East. Whether these measures succeed in achieving long-term strategic goals or further entrench divisions remains uncertain.

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