

## Tensions Mount in the Middle East: countries close to conflict

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Washington's 22 June strikes on Fordow, Natanz and Isfahan crippled centrifuge halls and auxiliary power systems, shaving, by Tehran's own estimate, several months off its enrichment timetable and forcing emergency repairs under international



scrutiny. Yet the underlying capability endures, IAEA data show Iran now holds more than 9 tons of enriched uranium, including enough 60 percent stock to fashion nearly ten weapons if fully processed. Those metrics, coupled with Israel's follow-on raids that decimated command infrastructure, leave Supreme Leader Ali Khamenei facing a dilemma; retaliate and risk open war, or absorb losses while rebuilding in the background.

Domestically, the regime is hard-pressed. Currency slides, fuel shortages and a spike in arrests signal anxiety over internal dissent. Externally, Tehran's traditional 'Axis of Resistance' looks fatigued. Hezbollah, Iraqi militias and the Houthis have offered only sporadic fire, revealing weakened capacity and motivation after months of attrition. The resulting strategic vacuum reduces Iran's playbook to whatever it controls that can still cause global pain.

Chief among them is the Strait of Hormuz. US intelligence confirms naval mines were loaded aboard Revolutionary Guard vessels in late June, a move widely seen as a rehearsal for a blockade that would disrupt one-fifth of the world's daily oil flow.

### **Iran: facing multi-domain pressure**

The International Atomic Energy Agency's (IAEA) chief, Rafael Grossi, warns that, despite the damage at Fordow and Natanz, Tehran could restore full enrichment capacity "*within a matter of months*", putting the real setback at roughly one to two months rather than the "*crippling blow*" lorded by Washington.

That compressed timeline leaves little breathing space for diplomacy and heightens the risk of a rapid return to 60 percent purity enrichment, well above civilian requirements and only a short technical step from weapons-grade.

At home, the leadership is tightening the screws. In the fortnight following Israel's strikes, security forces detained more than 700 people on espionage charges and carried out at least six executions, moves clearly designed to deter further leaks and project internal strength. Such mass arrests, coupled with fuel rationing and a sliding Rial, signal rising regime anxiety, even as official media insists on public unity.

### **Israel: contesting asymmetric warfare**

Iran's allies are applying pressure from three axes at once. In the north, Hezbollah has exchanged more than 8,000 cross-border strikes with Israeli forces since October 2023, killing at least 23 Israelis and forcing repeated evacuations in the Galilee. To the south-west, Yemen's Houthis have fired over 50 ballistic missiles and drones toward Israeli territory and Red Sea shipping lanes, prompting Tel Aviv to warn of a naval and air blockade of Yemen if attacks persist. Meanwhile, Iran-backed militias in Iraq oscillate between rhetoric and selected drone strikes on US assets, preserving the option to widen the fight at short notice.

The first Iranian missile salvos on 18-21 June inflicted limited but tangible harm; 24-28 Israeli civilians were killed, dozens injured, and fragments damaged commercial districts in greater Tel Aviv. Ben Gurion Airport closed for three days, stranding some 40,000 travellers and forcing an emergency airlift to repatriate citizens and clear congestion.

Even so, Israel's multi-layer defence network dubbed 'Iron Dome', intercepted roughly 90 percent of the 550 ballistic missiles and more than 1,000 drones launched by Iran. Military planners are accelerating the restocking of interceptors and integrating lessons into the system, confident they can absorb further proxy fire without opening a full second front.

### **Lebanon: the Hezbollah flashpoint**

Clashes along the Blue Line have resumed a grim routine. On 27 June, the Israeli Defence Forces carried out more than a dozen air-strikes against hilltops near Nabatieh, claiming Hezbollah was rebuilding launch sites. The raid followed weeks of near-daily rocket, drone and anti-tank fire from the militia's frontier units. Casualty data reveals the grind, since the Gaza war spilled north, almost 3,800 Lebanese have been killed and over 15,000 injured, while damage to homes, roads and farms already top US\$8 billion.

Hezbollah's strategy is calibrated. The group keeps most salvos within 10 km of the border, preserving leverage for Tehran but avoiding a move that would incline Israel to launch a full-scale ground campaign.

That restraint reflects heavy losses, roughly 2,450 fighters according to Reuters, and the need to conserve assets for a possible wider conflict. Israeli officials, for their part, signal they will tolerate limited fire so long as northern communities can be protected by layered air-defence; anything deeper risks a major push into Lebanon.

For businesses, the spillover is material. UNDP estimates war-related disruption will slice at least 9 percent off Lebanon's GDP, eclipsing the economic hit from the 2006 conflict, with trade expected to fall by a fifth and tourism virtually frozen. Power cuts, displaced labour and insurance exclusions around the south already complicate supply-chain routes and project timelines.

### **Syria: overlapping conflict layers**

Israeli sorties into Syria are now routine. Since December 2024, the IDF has launched more than 200 air, drone or artillery strikes, roughly one every three to four days, concentrated in Deraa, Damascus and Quneitra, where Iranian advisers move men and materiel. After two projectiles crossed the Golan on 3 June, Israel hit weapons sites outside Damascus and Quneitra and warned interim president Ahmed al-Sharaa he would be held "*directly responsible*" for any further fire. Days earlier, IDF artillery shelled the Yarmouk Basin in Daraa in retaliation for cross-border launches.

These raids intersect with Syria's fragmented post-civil-war landscape, where residual regime forces, Iranian-backed militias, jihadist factions and Russian contractors operate in overlapping zones. Israeli forward positions inside the UN-supervised buffer strip on the Golan, now reinforced with new bases, underscore how quickly front lines can shift and how narrow the margin for miscalculation has become.

Supply chains are already feeling the pinch. Recurrent strikes have repeatedly closed Damascus and Aleppo airports, diverting cargo flights through Amman and Baghdad, and delaying humanitarian shipments. Commercial overflights were suspended for two weeks in June; Qatar Airways only resumed services on 30 June after airspace restrictions eased. Overland freight via the M5 highway - Syria's main north-south artery - faces ad-hoc checkpoints and drone activity which is causing havoc with insurance costs.

### **Yemen and the Red Sea: disruption at sea**

Since mid-June, the Houthis have moved from symbolic launches toward a sustained harassment campaign in the Bab el-Mandeb. The NGO Armed Conflict Location Data (ACLED) logs at least nine surface-to-ship missile or drone strikes in the last fortnight alone, most aimed at container vessels flagged to partners of Israel or the US. Washington Institute tracking shows the group now favours low-altitude one-way drones, complicating interception and widening the threat envelope north toward Suez.

The impact on trade is immediate. War-risk premiums for Red Sea transits, which averaged 0.7 percent of hull value early this year, have jumped to between 1.5 and 2 percent after the latest attacks. Some underwriters have withdrawn cover entirely. Ship-owners are increasingly routing around the Cape of Good Hope, adding ten to fourteen days and roughly 30 percent to bunker costs, while energy cargoes bound for Europe face spot price volatility as spare tanker capacity tightens.

Naval pushbacks are growing. A US-UK task group has re-activated convoy escorts through the Strait, and Israeli officials have publicly threatened precision strikes on Houthi coastal radar if attacks persist. At the same time, Riyadh and Abu Dhabi - keen to shield flagship ports - are pressing Washington to avoid action that would ignite a broader Gulf firestorm.

### **Broader regional contagion risks (medium-risk States)**

#### **Iraq – militia flashpoint**

On 24 June, three one-way drones struck the US Al Asad base in western Iraq, the first such attack since Israel hit Iran's nuclear sites. Iran-aligned Islamic Resistance immediately claimed responsibility, framing the strike as retaliation for "*Zionist aggression*". Follow-on communiqués from Kataib Hezbollah warned of "*continuous fire*" should Washington assist further Israeli operations, underscoring how easily tit-for-tat raids could slide into direct US–Iran confrontation.

#### **Saudi Arabia and UAE – defensive vigilance**

Riyadh and Abu Dhabi have shifted Patriot and THAAD batteries to a heightened state of readiness and doubled air-defence drills since mid-June, while the UAE quietly evacuated citizens from Iran on 20 June, an early indicator of contingency planning should missile trajectories extend south. Insurance brokers report that hull-war surcharges for Gulf ports have ticked up 20 percent as underwriters price in the chance of spill-over strikes on critical energy infrastructure.

### **Turkey – buffer and broker**

Along the Syrian frontier, towns such as Kilis are preparing reception centres after Ankara warned of a possible influx of Iranian refugees if fighting reignites. President Recep Tayyip Erdogan, meanwhile, used the NATO summit on 25 June to promote a permanent Iran-Israel cease-fire and offered Turkish mediation, gesturing Ankara's intent to parlay humanitarian leverage into diplomatic capital. Yet, every uptick in Syrian or Iraqi violence reverberates across Turkey's domestic politics and its logistics corridor to Europe, meaning shippers transiting the Anatolian land-bridge should build extra lead time into schedules.

### **Conclusion and strategic recommendations**

The Iran-Israel standoff has entered a dangerous phase where limited strikes risk triggering a bigger war. While Israel has damaged parts of Iran's nuclear and proxy networks, Tehran's key capabilities, especially in nuclear development and naval strength, remain intact. Israel's defence systems are holding, but they are under growing pressure.

The broader region remains unstable. Hezbollah is weakened but still active, Syria is deeply fragmented, and Red Sea shipping faces constant threats. Economies in Lebanon, Yemen and Iran are under severe strain, adding to political instability.

This is a conflict zone on edge. Neither side seems ready to launch a full-scale war, but the risk of miscalculation is high.

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