MIDDLE EAST FORUM
Policy Notes Agenda

Iran Pressure: Oil, Proxies and Money

Iran kept exports around 1.5 to 1.8 million barrels per day into early 2026, and 217 of the 251 vessels it loaded with oil in 2025 had already been sanctioned for earlier voyages. In September 2026 the Houthis took Mocha, Perim Island and the Hanish islands on the Bab el-Mandeb, with Iranian, Iraqi and Lebanese advisers named in documents on drones, missiles and intelligence. Hezbollah's financial network remains largely intact after Israel killed its top field commanders. The shadow-fleet note finds that vessel designations hit ships while the registries, insurers and ports that service them remain a thinner target set; the oversight questions in all three notes test the same gap.

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3 notes, 7 pages. Notes current as of October 4, 2026. Each note carries its own sources, version and date. Online with findings, oversight questions and cited bills: notes.meforum.org/agendas/iran-pressure/

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Iran's Shadow Fleet and the Limits of Oil Sanctions

DATE October 4, 2026 **VERSION** 1.0 **TOPICS** Iran, Sanctions, Maritime
RELATED BILLS H.R. 10076 (Lindsey O. Graham Sanctioning Russia and Iran Act of 2026)
ONLINE https://notes.meforum.org/notes/iran-shadow-fleet/

In brief

Core point: Iran kept exports around 1.5 to 1.8 million barrels per day into early 2026 despite renewed "maximum pressure," with China buying the vast majority.[1]

The method: Ship-to-ship transfers, disabled transponders, false flags and forged papers relabel Iranian crude as Omani, Malaysian or Emirati.[2]

Repeat offenders: Of 251 vessels Iran loaded with oil in 2025, 217 had already been sanctioned for earlier illicit voyages.[3]

What changed: After U.S.-Israel operations began on February 28, 2026, loadings at Iranian terminals fell to 640,000 barrels per day in May.[4]

MEF analysis: Vessel designations hit ships; the registries, insurers and ports that service them are a thinner target set.[5]

How the fleet works

National Security Presidential Memorandum 2, issued in early February 2025, targeted Iran's "shadow fleet" and threatened secondary sanctions on buyers.[6] The fleet adapted. In January 2025, 99 ghost vessels carried smuggled Iranian and Venezuelan oil. In January 2023 Panamanian authorities reported purging 136 ships "linked to the National Iranian Oil Company," as MEF's Jose Lev Alvarez puts it, yet Panama flew its flag over 116 of 542 tracked shadow tankers in August 2025. In January 2026 investigators found 77 vessels operating falsely under the flags of Aruba, Curaçao and Sint Maarten.[7]

A U.S. forfeiture case shows the steps. Crude loaded at Kharg Island moved by ship-to-ship transfer with transponders switched off, under documents naming Oman as the origin. A Turkish company, Aspan Petrokimya, registered in Istanbul on February 20, 2020, claimed the cargo. The D.C. Circuit affirmed forfeiture of more than 700,000 barrels in April 2026.[8]

Buyers and payment

China absorbed more than 80 percent of Iran's seaborne crude exports in 2025, at $10 to $15 per barrel below Brent.[9] Independent "teapot" refiners in Shandong province, short of Venezuelan crude, turned to Iranian barrels settled in renminbi through channels insulated from the dollar. By 2025 sanctioned crude from Iran, Russia and Venezuela made up as much as 40 percent of China's oil imports.[10]

1. Umud Shokri, "As China's Teapot Refiners Turn Toward Iranian Oil, Sanctions' Effectiveness Suffers," *Middle East Forum Observer*, February 10, 2026, https://www.meforum.org/mef-observer/as-chinas-teapot-refiners-turn-toward-iranian-oil-sanctions-effectiveness-suffers; Umud Shokri, "Why 'Maximum Pressure' Hasn't Crippled Iran's Oil Sector," *Middle East Forum Observer*, January 28, 2026, https://www.meforum.org/mef-observer/why-maximum-pressure-hasnt-crippled-irans-oil-sector.
2. Shokri, "Why 'Maximum Pressure' Hasn't"; Abdullah Bozkurt, "Turkish Company Linked to Covert Iranian Oil Smuggling Network Exposed in U.S. Court Filing," *Middle East Forum Online*, May 5, 2026, https://www.meforum.org/mef-online/turkish-company-linked-to-covert-iranian-oil-smuggling-network-exposed-in-u-s-court-filing.
3. Dalga Khatinoglu, "Why Is India Tightening the Screws on Iran Now?" *Middle East Forum Observer*, February 21, 2026, https://www.meforum.org/mef-observer/why-is-india-tightening-the-screws-on-iran-now.
4. Dalga Khatinoglu, "Iran's Oil Production and Exports Enter a Steep Decline," *Middle East Forum Observer*, May 24, 2026, https://www.meforum.org/mef-observer/irans-oil-production-and-exports-enter-a-steep-decline.
5. Jose Lev Alvarez, "Who Services Iran's Shadow Fleet?" *Middle East Forum Observer*, September 5, 2026, https://www.meforum.org/mef-observer/who-services-irans-shadow-fleet.
6. Shokri, "Why 'Maximum Pressure' Hasn't."
7. Alvarez, "Who Services Iran's Shadow Fleet."
8. Bozkurt, "Turkish Company Linked."
9. Shokri, "Why 'Maximum Pressure' Hasn't."
10. Shokri, "As China's Teapot Refiners."

Enforcement record

Treasury blacklisted the tankers Al Jafzia, Asphalt Star and Stellar Ruby; India later seized all three near its coast. Executive Order 14382 (signed February 6, 2026, effective February 7) authorized an additional duty, for example 25 percent, on goods from countries that buy Iranian goods or services, once Commerce and State make country findings.[11] Maritime Mutual Tankers, a New Zealand-based insurer, covered ships carrying sanctioned Iranian oil until Britain imposed an embargo in February 2026.[12]

Pressure tightened after February 28, 2026. Kpler data cited by MEF show Chinese deliveries in May 2026 down 25 percent from April, floating storage down by about 33 million barrels to roughly 89 million, and April output at about 2.85 million barrels per day, 350,000 below levels before February 28.[13] MEF's Jose Lev Alvarez argues that seizures inflict temporary losses, while cutting refueling, insurance and port services would deny the fleet replacement cargoes (analysis).[14]

Questions for oversight

1. What does the figure of 217 previously sanctioned vessels among 251 loadings in 2025 imply about the deterrent effect of vessel designations alone?
2. Which flag registries, including privately run registries, have been notified about tankers carrying Iranian crude, and what followed notification?
3. What Treasury guidance covers insurers, bunkering ports and crew-change hubs outside the Gulf that service designated tankers?
4. How does OFAC track renminbi settlement of Iranian crude purchases by Chinese independent refiners?
5. What did the forfeiture of the Arina and Nostos cargoes yield, and how are forfeited proceeds used?
6. How durable is the 2026 export decline if maritime pressure eases, given Iranian floating storage near Asian buyers?

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11. Executive Order 14382, "Addressing Threats to the United States by the Government of Iran," *Federal Register* 91 (February 11, 2026): 6493, https://www.federalregister.gov/documents/2026/02/11/2026-02813/addressing-threats-to-the-united-states-by-the-government-of-iran.
12. Alvarez, "Who Services Iran's Shadow Fleet."
13. Khatinoglu, "Iran's Oil Production."
14. Alvarez, "Who Services Iran's Shadow Fleet."

Houthi Attacks on Red Sea Shipping: From Campaign to Coastline

DATE October 4, 2026 **VERSION** 1.0 **TOPICS** Yemen, Maritime, Iran
RELATED BILLS S. 3451 (Houthi Human Rights Accountability Act); H.R. 10354 (To impose targeted sanctions on the Houthi terrorists and their supporters, and to support the internationally recognized Government of Yemen in their fight against Houthi terrorists.)
ONLINE https://notes.meforum.org/notes/houthi-red-sea/

In brief

Core point: In September 2026 the Houthis took Mocha, Perim Island and the Hanish islands, placing them on the Bab el-Mandeb.[1]

Why it matters: Nearly 15 percent of global trade transits the Bab el-Mandeb Strait.[2]

On the record: The State Department designated Ansarallah a Foreign Terrorist Organization by notice published March 5, 2025.[3]

Scale: A U.S. Maritime Administration advisory records more than 100 Houthi attacks on commercial vessels from November 2023 to October 2025.[4]

Supply chain: Documents reported by Jonathan Spyer name Iranian, Iraqi and Lebanese advisers on drones, missiles and intelligence.[5]

The campaign

The Houthis began attacking shipping on the Red Sea and Gulf of Aden route in November 2023 and paused with the ceasefire of January 15, 2025.[6] U.S. strikes ran from March 15 to May 6, 2025. The pause ended on July 6 to 7, 2025, when the Houthis struck two Greek-managed bulk carriers,[7] the Magic Seas and Eternity C.[8] Greece controls more than 21 percent of the world's cargo-carrying capacity.[9]

After the U.S.-Israel war with Iran began on February 28, 2026, the Houthis moved launchers into the highlands above the Red Sea in Al-Hudaydah and Hajjah.[10] On August 9, 2026, they attacked Mokha port with ballistic missiles, drones and an explosive boat. Two days later an attack on the Egyptian-owned cargo ship Tihamah near Perim Island killed four crew members and two Yemeni rescuers.[11]

Holding the strait

By mid-September 2026 Houthi forces held Mocha, Perim Island, the Zuqar islands and the Greater and Lesser Hanish islands, about 20 km from the African coast. Their statements pointed to targeting Saudi shipping rather than a general

1. Jonathan Spyer, "Inside the Houthi Advance: How Iran's Allies Are Helping Tighten Tehran's Grip on the Red Sea," *Middle East Forum Online*, September 22, 2026, https://www.meforum.org/mef-online/inside-the-houthi-advance-how-irans-allies-are-helping-tighten-tehrans-grip-on-the-red-sea.
2. "Neutralizing the Houthi Threat: A Strategic Blueprint for the Red Sea and Beyond," *Middle East Quarterly*, September 2, 2025, https://www.meforum.org/meq/neutralizing-the-houthi-threat-a-strategic-blueprint-for-the-red-sea-and-beyond.
3. U.S. Department of State, "Foreign Terrorist Organization Designation of Ansarallah," *Federal Register* 90 (March 5, 2025): 11352, https://www.federalregister.gov/documents/2025/03/05/2025-03629/foreign-terrorist-organization-designation-of-ansarallah.
4. Abdulmajeed Zubah, "How to Counter the Houthi Capture of Mokha and Protect Red Sea Shipping," *Middle East Forum Observer*, September 10, 2026, https://www.meforum.org/mef-observer/how-to-counter-the-houthi-capture-of-mokha-and-protect-red-sea-shipping.
5. Spyer, "Inside the Houthi Advance."
6. Jonathan Spyer, "In Its Attacks on Houthis, the United States Is Missing the Russian Connection," *Middle East Forum Online*, March 21, 2025, https://www.meforum.org/mef-online/in-its-attacks-on-houthis-the-united-states-is-missing-the-russian-connection.
7. "Neutralizing the Houthi Threat."
8. Nicoletta Kouroushi, "Why the Houthis Are Targeting Greek Shipping," *Middle East Forum Observer*, July 28, 2025, https://www.meforum.org/mef-observer/why-the-houthis-are-targeting-greek-shipping.
9. Kouroushi, "Why the Houthis."
10. Abdulmajeed Zubah, "The Houthis Prepare to Enter the War," *Middle East Forum Observer*, March 20, 2026, https://www.meforum.org/mef-observer/the-houthis-prepare-to-enter-the-war.
11. Zubah, "How to Counter."

blockade. On September 10, an Iraqi militia drone attack struck the Saudi East-West pipeline, which lets Riyadh move oil to the Red Sea without passing the Strait of Hormuz.[12] MEF's Abdulmajeed Zubah assesses that high ground near the water would bring shipping within range of shorter-range drones and enable mining (analysis).[13]

Who sustains the Houthis

Documents obtained from Yemeni sources and reported by MEF's Jonathan Spyer list Iranian, Iraqi and Lebanese experts advising on drones, missiles and intelligence. They also name businessmen importing Chinese drone parts and state that Chinese shipping firms, including COSCO Shipping, have paid the Houthis for safe passage since a March 2024 meeting in Muscat.[14] These claims rest on the documents as reported and are not independently confirmed here. Treasury's March 5, 2025 action against seven senior Houthis cited weapons procurement negotiated with Russia.[15]

In Congress, S. 3451, the Houthi Human Rights Accountability Act, was introduced on December 11, 2025, and H.R. 10354, on targeted sanctions on the Houthis, on September 14, 2026.[16]

Questions for oversight

1. How has the Foreign Terrorist Organization designation of Ansarallah affected transit payments to the Houthis, including those reported from Chinese carriers?
2. What is the U.S. assessment of Houthi control of Perim Island and the Hanish islands for commercial traffic?
3. How are interdictions of Iranian components bound for Saleef and Hodeidah tracked and reported to Congress?
4. What did the March to May 2025 strikes show about the cost of U.S. munitions against low-cost Houthi systems?
5. How does the State Department assess the Russian procurement links described in Treasury's March 2025 designations?
6. What does current Maritime Administration guidance advise for U.S.-flag and U.S.-owned vessels near the Bab el-Mandeb?

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12. Spyer, "Inside the Houthi Advance."
13. Zubah, "How to Counter."
14. Spyer, "Inside the Houthi Advance."
15. Spyer, "In Its Attacks."
16. Houthi Human Rights Accountability Act, S. 3451, 119th Cong. (2025), https://www.congress.gov/bill/119th-congress/senate-bill/3451; To impose targeted sanctions on the Houthi terrorists and their supporters, and to support the internationally recognized Government of Yemen in their fight against Houthi terrorists, H.R. 10354, 119th Cong. (2026), https://www.congress.gov/bill/119th-congress/house-bill/10354.

Hezbollah's Finance Networks After the War

DATE October 4, 2026 **VERSION** 1.0 **TOPICS** Hezbollah, Terrorist finance, Sanctions
RELATED BILLS H.Res. 1379 (Condemning Lebanese Hezbollah's repeated violations of ceasefire agreements and calling for the Lebanese Government to ensure Lebanese Hezbollah immediately ceases all attacks and disarms, in accordance with the ceasefire.)
ONLINE https://notes.meforum.org/notes/hezbollah-finance/

In brief

Core point: Hezbollah's financial network remains largely intact even after Israel killed its top field commanders.[1]

On the record: Treasury's February 10, 2026 action targeted a gold-for-cash front run under al-Qard al-Hassan and a shipping network routed through Turkey.[2]

Hemisphere reach: MEF's Jose Lev Alvarez counts Treasury designations of "more than 100 Hezbollah-linked individuals and entities across at least ten Latin American countries over the past two decades."[3]

Transit route: Mahan Air flew 11 Tehran to Beirut flights over Turkish airspace in the last weeks of 2024 after Syrian airspace closed.[4]

Handle with care: The often-cited figure of at least $200 million a year from the Tri-Border Area is an analysts' estimate, not an audited total.[5]

Lebanon: gold and the shadow bank

Al-Qard al-Hassan presents itself as a licensed NGO while providing banking-like services to Hezbollah. Treasury said it set up gold trading companies in 2025 to turn reserves into usable cash. One of them, Jood SARL, has branches in Beirut, the Bekaa Valley and Nabatiyeh.[6] MEF's Michael Rubin argued in September 2025 that the group's money laundering and smuggling networks in Africa leave it the means to rebuild (analysis).[7]

Turkey as a corridor

The February 2026 designations named Platinum Group International, a Turkey-based trader founded in August 2024, which exported Iranian fertilizer to Turkey in late 2025 under papers naming Oman as origin. Turkey-based Sea Surf Shipping owned the cargo vessel LARA, and Istanbul-registered Mira İhracat is overseen by Iran-based Hezbollah finance facilitator Ali Qasir.[8] Israel told the UN Security Council that two commercial flights reached Beirut from Turkey in February 2025 carrying cash for Hezbollah.[9] Separately, $2.5 million meant for Hezbollah was intercepted at Beirut's airport in early 2025.[10]

Air routes moved too. Between December 13, 2024 and the end of that year, Mahan Air flew 11 flights between Tehran and Beirut over Turkey, using Airbus A340s that MEF's Babak Taghvaee says carried Qods Force personnel and weapons.[11]

1. Michael Rubin, "Hezbollah Is Bloodied but Far from Beaten," *Middle East Forum Online*, September 25, 2025, https://www.meforum.org/mef-online/hezbollah-is-bloodied-but-far-from-beaten.
2. Abdullah Bozkurt, "New U.S. Sanctions Expose Turkey's Role in Hezbollah's Cash Pipeline, Sanctions Evasion," *Middle East Forum Online*, February 19, 2026, https://www.meforum.org/mef-online/new-u-s-sanctions-expose-turkeys-role-in-hezbollahs-cash-pipeline-sanctions-evasion.
3. Jose Lev Alvarez, "Iran's Cartel Axis on America's Doorstep," *Middle East Forum Observer*, March 27, 2026, https://www.meforum.org/mef-observer/irans-cartel-axis-on-americas-doorstep.
4. Babak Taghvaee, "Turkey Replacing Syria as Air Corridor to Hezbollah," *Middle East Forum Observer*, January 4, 2025, https://www.meforum.org/mef-observer/turkey-replacing-syria-as-air-corridor-to-hezbollah.
5. Jose Lev Alvarez, "Brazil's Dismissal of Hezbollah as a Lebanese Problem Puts Americans at Risk," *Middle East Forum Online*, July 28, 2026, https://www.meforum.org/mef-online/brazils-dismissal-of-hezbollah-as-a-lebanese-problem-puts-americans-at-risk.
6. Bozkurt, "New U.S. Sanctions Expose."
7. Rubin, "Hezbollah Is Bloodied."
8. Bozkurt, "New U.S. Sanctions Expose."
9. Bozkurt, "New U.S. Sanctions Expose."
10. Michael Rubin, "Is It Possible to Be Both Pro-Turkey and Anti-Hamas?" *Middle East Forum Online*, March 15, 2025, https://www.meforum.org/mef-online/is-it-possible-to-be-both-pro-turkey-and-anti-hamas.
11. Taghvaee, "Turkey Replacing Syria."

Latin America

Assad Ahmad Barakat, sanctioned in 2004 and arrested by Brazilian police in Foz do Iguaçu in September 2018 on a Paraguayan warrant,[12] used front companies and extortion networks to raise millions of dollars "for Hezbollah-linked activity throughout the region," in Jose Lev Alvarez's words.[13] Treasury designated nine individuals and two entities in his network in 2006.[14] In September 2023 Treasury described the seizure of 500 kilograms of cocaine, worth about $15 million, from operatives Alvarez describes as "Hezbollah-linked."[15] Treasury found that the network of Ayman Joumaa laundered as much as $200 million a month.[16]

Argentina, Paraguay, Colombia, Honduras and Guatemala designate Hezbollah as a terrorist organization; Brazil does not. Brazil's Operation Trapiche, opened after the October 7, 2023 attack, identified at least six recruited Brazilians.[17] In the House, H.Res. 1379, on Hezbollah's ceasefire violations and disarmament, was introduced on June 23, 2026.[18]

Questions for oversight

1. How has Treasury measured the effect of the February 2026 designations on al-Qard al-Hassan's conversion of gold into cash?
2. What action has Turkey taken on the Turkish-registered companies named in February 2026, and what has the United States requested?
3. How are cash shipments on commercial flights into Beirut monitored with Lebanese authorities?
4. Which Latin American governments share designation and financial-intelligence data with Treasury, and how is Brazil engaged?
5. How does U.S. assistance to the Lebanese Armed Forces take account of Hezbollah's remaining financial capacity?
6. How do counternarcotics and terrorist-finance units coordinate on trade-based money laundering that benefits Hezbollah?

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12. Agência Brasil, "Brazil Police Arrest Fugitive from Islamic Group Hezbollah," news report, September 21, 2018, https://agenciabrasil.ebc.com.br/en/geral/noticia/2018-09/brazil-police-arrest-fugitive-islamic-group-hezbollah.
13. Alvarez, "Iran's Cartel Axis."
14. Alvarez, "Brazil's Dismissal of Hezbollah."
15. Alvarez, "Iran's Cartel Axis."
16. Jose Lev Alvarez, "How Iran Bought a Terrorist Network in America's Backyard," *Middle East Forum Online*, July 29, 2026, https://www.meforum.org/mef-online/how-iran-bought-a-terrorist-network-in-americas-backyard.
17. Alvarez, "Brazil's Dismissal of Hezbollah."
18. Condemning Lebanese Hezbollah's repeated violations of ceasefire agreements and calling for the Lebanese Government to ensure Lebanese Hezbollah immediately ceases all attacks and disarms, in accordance with the ceasefire, H.Res. 1379, 119th Cong. (2026), https://www.congress.gov/bill/119th-congress/house-resolution/1379.