

Iran's Strategic Logic of Instability

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The previously concluded and now cancelled US-Iran [Memorandum of Understanding](#) (MOU) revealed a paradox at the heart of the Middle East security landscape. Both sides have been negotiating back and forth on de-escalation, a compromise on enriched uranium, and freedom of passage through the Strait of Hormuz. However, beneath these ongoing diplomatic efforts is a reality that is becoming increasingly clear. For the Iranian regime, a regional environment of managed conflict is more strategically valuable than a sustained peace agreement. This explains why, even after signing the 60-day ceasefire memo, Iran [still attacked ships](#) in the Strait of Hormuz, prompting the U.S. to respond to [discourage](#) future Iranian violence.

Iran will likely avoid a full-scale war that risks its destruction, instead preferring a continued proxy-driven, tension-filled regional environment to maintain deterrence and project power without escalation. Recent talks on uranium and safe passage through the Hormuz Strait will fuel Iran's resistance to normalization with the U.S. and GCC.

Instability As a Strategic Infrastructure

For Iran, pushing for regional instability or proxy confrontations is not merely a temporary policy dispute. It has become embedded in the state's architecture itself. Iran has built and framed its domestic popularity and regional legitimacy around the concept of resistance [against](#) Western pressure, particularly from the U.S. and Israel. This narrative was deeply institutionalized within Iran's regional strategy, military doctrine, and its main controlling security establishments, the IRGC and Basij forces. In this regard, a comprehensive peace deal with the U.S. would create profound structural questions inside Iran, including the rationale of the "resistance" doctrine in place for decades, the logic of maintaining extensive regional proxy networks, and preserving a missile- and drone-heavy militarized regional posture.

In different ways, a controlled conflict has become part of the regime's survival and operating environment. Therefore, achieving a sustainable peace agreement can entirely destabilize internal balances of power more than maintaining them. This explains why, even during periods of increased international diplomatic efforts, Iran often preserves parallel escalation mechanisms in addition to never conceding any of its nuclear program development to date. Thus, pursuing negotiations alongside adding [pressure](#) on multiple fronts is not a contradiction within Iranian strategic thinking. Instead, they are complementary tools.

The Asymmetric Leverage

Iran's ability to threaten and demonstrate control over maritime access to the Strait of Hormuz negatively impacted global oil markets and exposed the vulnerability of international energy flows to customer states. In this respect, around [one-fifth of global oil](#) flows transit through the Strait of Hormuz, making it one of the most globally strategic water passages. Accordingly, the ongoing Hormuz crisis reinforces Tehran's preference for controlled instability.

Iran uses the Hormuz situation to benefit itself domestically and internationally, [framing](#) it to show that strategic, asymmetric disruptions give diplomatic leverage. Even after military pressure, the U.S. remains focused on negotiations to reopen Hormuz and restore shipping stability. This is Iran's leverage that it does not want to cede. Tehran, specifically the IRGC, which appears to be the decision-making authority, believes that maintaining control of Hormuz but avoiding escalation preserves its bargaining power, especially since hardliners see concessions to the U.S. as losses. Iran wants [full control](#) of the Strait, knowing it cannot fight the U.S. directly, and employs asymmetric leverage to influence the strategic balance.

Iran's air force and navy remain significantly limited compared to those of the U.S. and regional GCC states. Additionally, Iran's economy suffers under sanctions and American quarantines. As a result, Tehran has spent decades developing a different form of deterrence, including [ballistic](#) missiles, drones, proxy warfare networks, and regional escalation networks across Iraq, Lebanon, and Yemen. Among Iran's regional proxy groups, Iran-backed Houthis in Yemen remain one of the most critical factors in Iran's current asymmetric model of confrontation. Since the start of the U.S.-Israeli confrontation with Iran, the Houthis have so far chosen not to fully participate in ground fighting. This is particularly [concerning](#) because the Houthis are currently Iran's most strategically positioned proxy group in the Middle East, armed with a wide range of missiles and drones, capable of inflicting strategic damage across the Red Sea and Bab el Mandeb and potentially causing another global maritime shock like Hormuz. This allows Iran to effectively deploy a multi-chokepoint strategy at any time. Alongside their threat to maritime security, the proximity of the Houthis to GCC states and the group's history of fighting Saudi Arabia from 2015 to 2022 give Iran additional leverage to pressure the region.

This asymmetric model works best for Iran when geopolitical friction persists. Even without fully going into a conventional war with the U.S., Iran can complicate Western military planning and generate political costs for its opponents. Therefore, a stable regional order with normalized relations would significantly reduce the strategic utility of all these tools.

Deterrence and The Regime Survival Dimension

Iran's broader regional strategy relies heavily on maintaining a "forward proxy defense" doctrine beyond its borders to project influence. This approach has served several purposes simultaneously, including creating multiple escalation fronts and increasing the political cost of directly attacking Iran. From Tehran's perspective, a low-level regional friction prevents the emergence of a fully consolidated anti-Iranian security order.

There is also an internal political dimension that Western analyses often overlook. For example, external confrontations in the hybrid warfare [narrative](#), which often bolster regime unity as periods of increased confrontational pressure enable the Iranian leadership to suppress dissent and rally nationalist sentiment. They [frame](#) this to their local population as the West's war on Islam, aligning it with the state's ideological identity, deeply rooted in anti-Western and resistance narratives. An internationally accepted peace agreement with the U.S. could lead to unwanted domestic effects for Iran, such as reduced ideological cohesion and increased demands for broader political reforms. Ironically, a limited confrontation might seem safer for regime stability than reaching a peace agreement.

Regional Peace, Security, and Iran

During the recent confrontation, which culminated in April's ceasefire, more than 80 percent of Iran's missiles and drones were directed at GCC states. This suggests Iran was willing to strike neighboring countries outside the immediate conflict even though they were not directly fighting with Iran. Such actions [undermine regional trust](#) and raise questions about Iran's willingness to function as a responsible contributor to regional security.

The central paradox of any U.S.-Iran negotiations is that peace itself will threaten some of the strategic foundations upon which Iran has operated for decades. Regional instabilities and relatively managed conflicts provide Tehran with bargaining leverage, geopolitical relevance, and a degree of deterrence it seeks to demonstrate. A sustained peace deal, by contrast, risks reducing Iran's asymmetric advantages that it has been trying to capitalize upon while also exposing its internal political and strategic vulnerabilities. The U.S. must recognize this reality or risk negotiating without a clear understanding of Iran's strategic intentions.

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