

Policy Brief

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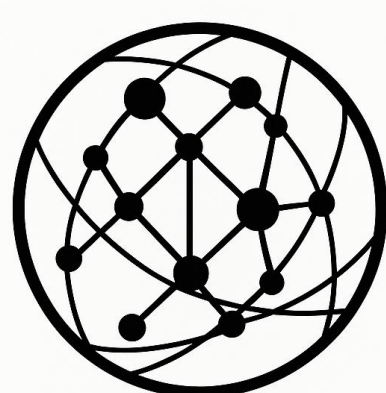
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The First Ten Days of Phase II in the U.S.–Israel–Iran Conflict: From War Termination to Systemic Realignment

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Key Judgments

- **Phase I forced a U.S. strategic choice; Phase II is exposing its costs.** Washington increasingly appeared to prioritize Israel over Ukraine in practical crisis-management terms, leaving Ukraine support, air-defense allocation, European confidence, and Indo-Pacific deterrence signaling more exposed.
- **U.S.–Israel alignment remains durable, but less synchronized.** Washington seeks controlled recompression, while Israel seeks deterrence restoration and maximal constraints on Iran. This creates divergence over timing, risk tolerance, and the meaning of a “good deal.”
- **Washington may face a Netanyahu constraint amid Israeli snap-election uncertainty.** The issue is not abandonment of Israel, but whether the United States begins to separate Israeli security from Netanyahu’s escalation preferences as domestic political uncertainty reshapes Israeli incentives.
- **Iran appears more calibrated in Phase II than in Phase I.** Tehran is combining mediated diplomacy, selective retaliation, maritime ambiguity, external-node activation, and legal framing to preserve leverage without triggering premature loss of control.
- **The Caspian–Persian Gulf linkage has become central to Phase II.** The Persian Gulf remains the front-end coercive theater, while the Caspian is emerging as a back-end redundancy layer that can delay thresholds, sustain selective logistics, and deepen Iran’s strategic depth.
- **The conflict is no longer mainly an oil shock.** Gulf disruption now reaches sulfur, sulfuric acid, ammonia, urea, phosphate fertilizer, LNG, petrochemicals, metals refining, battery materials, and food-system inputs. A possible El Niño would further amplify the resource-chain shock.
- **Russia, China, and Iran appear to be moving toward a latent Eurasian community of interests.** This is not an open military coalition, but a geographically enabled alignment aimed at diluting U.S. coercive leverage, preserving corridor redundancy, and contesting Western maritime and sanctions power.

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Executive Summary

The first ten days of Phase II mark a structural shift in the U.S.–Israel–Iran conflict. Phase I was defined by escalation accumulation across strike cycles, air-defense consumption, maritime disruption, proxy activation, nuclear bargaining pressure, and rising systemic stress. Phase II begins from an already saturated conflict environment and centers less on whether escalation will occur than on whether the principal actors can convert it into a controlled political exit.

Three changes define this phase. First, Washington is confronting the costs of its Phase I prioritization of Israel, including reduced bandwidth for Ukraine support, European reassurance, air-defense allocation, and Indo-Pacific deterrence signaling. Second, U.S.–Israel alignment remains durable but less synchronized: Washington seeks controlled recompression, while Israel remains focused on deterrence restoration and maximal constraints on Iran’s nuclear, missile, and proxy capabilities. Third, the conflict is expanding beyond the oil-price frame into broader resource-chain transmission, including sulfur, fertilizer, LNG, petrochemicals, metals, battery inputs, and food-system exposure. If El Niño conditions persist into the Northern Hemisphere winter, these pressures could become a delayed food-security and political shock across parts of the Global South.

The Caspian–Persian Gulf linkage has also become more consequential. The Persian Gulf remains the front-end coercive theater, while the Caspian is emerging as a back-end redundancy and pressure-absorption layer. It cannot replace Persian Gulf-scale maritime flows, but it can delay thresholds, sustain selective logistics, and increase Iran’s strategic depth.

Phase II should therefore not be read as a simple transition from war to peace. It is better understood as a transition from military escalation to systemic realignment, in which alliance synchronization, electoral uncertainty, corridor control, Eurasian geography, resource-chain disruption, and climate risk increasingly shape the strategic environment.

Why This Matters

Phase II matters because the conflict is no longer only a Middle East crisis. It is becoming a test of whether the United States can manage pressure across Israel, Ukraine, Europe, and the Indo-Pacific without losing strategic coherence.

It also matters because war termination is no longer simply about stopping strikes. Any ceasefire or draft agreement will have to manage unresolved pressure across Hormuz, sanctions sequencing, nuclear constraints, proxy discipline, Israeli domestic politics, and external support channels.

Finally, Phase II matters because the conflict’s most important effects may unfold through delayed systems rather than immediate battlefields. Resource-chain disruption, Caspian–Persian Gulf corridor dynamics, Eurasian adaptation, and climate-linked food-security risks could continue shaping the strategic environment after kinetic tempo declines.

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1. From Phase I to Phase II: The Conflict's Strategic Transition

Phase I, from February 28 to June 2, 2026, was defined by escalation accumulation. The conflict expanded across missile and drone exchanges, maritime coercion, energy-market disruption, proxy activation, diplomatic pressure, and information-system amplification. Its central strategic problem was loss of control: whether the United States, Israel, or Iran would cross a threshold at which escalation became structurally difficult to regulate.

Phase II, which began on June 3, 2026, starts from a different baseline. The system had already absorbed sustained pressure, and escalation was no longer a hypothetical risk but an operating condition. The key question was therefore not whether the conflict would escalate, but whether military pressure could be converted into a manageable political architecture.

This changes the meaning of war termination. A ceasefire or draft agreement does not end the conflict system by itself; it reorganizes unresolved pressure. Hormuz governance, sanctions sequencing, nuclear constraints, proxy discipline, Israeli compliance, and external support channels all remain active even if kinetic tempo declines.

Phase II is therefore best understood as a post-escalation management phase. Battlefield initiative still matters, but the decisive variables have shifted toward sequencing, institutional design, alliance management, corridor control, and the capacity to organize the consequences of escalation.

2. U.S. Objective Compression and the Cost of Prioritization

The United States entered Phase II with superior military capability but narrowing strategic flexibility. During Phase I, Washington increasingly appeared to prioritize Israel in practical crisis-management terms. That prioritization was understandable given the immediacy of the regional threat, but it carried broader costs.

The first cost is strategic bandwidth. A prolonged Middle East crisis absorbs political attention, air-defense assets, munitions-planning capacity, and diplomatic focus that could otherwise support Ukraine, reinforce European deterrence, or preserve flexibility in the Indo-Pacific.

The second cost is alliance confidence. European partners may not read U.S. support for Israel as a rejection of Ukraine, but they will assess whether Washington can sustain multiple theaters simultaneously. If U.S. attention appears overconcentrated in the Middle East, confidence in long-duration U.S. support may weaken.

The third cost is deterrence signaling. In East Asia, credibility depends not only on U.S. capability, but also on perceived availability, responsiveness, and spare capacity. A Middle East conflict that consumes air-defense assets, naval attention, and presidential bandwidth may affect perceptions in the Taiwan Strait, the South China Sea, and the Korean Peninsula.

The fourth cost is domestic political exposure. As the conflict shifts from decisive coercion to managed termination, Washington must justify continued involvement while limiting the perception of open-ended commitment.

Phase II therefore exposes a basic strategic reality: U.S. global power remains substantial, but the margin for simultaneous crisis management is not unlimited.

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3. U.S.–Israel Desynchronization and the Netanyahu Constraint

U.S.–Israel alignment remains durable at the level of core security interests. Washington is unlikely to abandon Israel’s security requirements, particularly on Iranian nuclear breakout, major missile attacks, or large-scale proxy escalation. Yet security alignment does not eliminate strategic divergence.

Washington’s priority is controlled recompression: lowering kinetic tempo, stabilizing maritime flows, preventing uncontrolled escalation, and preserving flexibility across Ukraine, Europe, and the Indo-Pacific. Israel’s priority is deterrence restoration: ensuring that any settlement visibly constrains Iran’s nuclear, missile, and proxy capabilities and prevents Tehran from converting survival into strategic legitimacy.

This divergence creates the Netanyahu constraint. For Washington, the issue is not Israel as an ally, but whether Netanyahu’s escalation preferences remain compatible with U.S. war-termination requirements. The more a settlement appears to leave Iran with residual leverage, the more difficult it becomes for Netanyahu to accept without domestic political cost.

Israeli snap-election uncertainty intensifies this constraint. If the Knesset dissolution process advances and early elections become more likely, Netanyahu may have stronger incentives to resist a deal perceived as softening deterrence. Domestic political vulnerability could narrow his room for compromise and increase incentives for late-stage escalation, public signaling, or settlement obstruction.

For the United States, the policy challenge is to sustain support for Israeli security while preventing Israeli domestic politics from derailing a wider de-escalation framework. The likely result is controlled distancing: continued U.S. military and diplomatic support for Israel, paired with greater pressure on sequencing, ceasefire compliance, war termination, and the containment of election-driven escalation risk.

4. Iran’s Phase II Calibration

Iran’s behavior in Phase II appears more calibrated than in Phase I. In the earlier phase, Tehran faced a legitimacy–retaliation loop: failure to respond to U.S. or Israeli strikes could damage credibility, while retaliation risked stronger counterstrikes. That loop increased the probability of uncontrolled escalation.

In Phase II, Iran appears to be using a more selective strategy. Mediated diplomacy allows Tehran to engage negotiations without surrendering interpretive control. Selective retaliation helps preserve deterrence without forcing premature threshold crossing. Maritime ambiguity around Hormuz raises costs and preserves leverage without requiring full closure.

Iran is also expanding the conflict’s external cost structure. Lebanon, Gulf host-state exposure, Indian maritime labor risk, Russian logistics, Chinese diplomatic framing, and Caspian redundancy all increase the number of actors affected by pressure on Iran. At the same time, legal and sovereignty framing allows Tehran to link de-escalation to sanctions relief, freedom of navigation, non-interference, and settlement legitimacy.

This does not mean Iran controls the system. It means Tehran is trying to avoid converting every pressure point into immediate escalation. Its Phase II strategy is to preserve leverage long enough for external costs, alliance divergence, and resource-chain disruption to reshape the bargaining environment.

Policy Brief**5. The Caspian–Persian Gulf Linkage**

The Caspian–Persian Gulf linkage is central to Phase II because it connects coercion in the southern maritime theater with resilience across the northern Eurasian interior.

The Persian Gulf remains the front-end coercive theater. Hormuz access, oil and LNG flows, maritime insurance, Gulf host-state exposure, and U.S.–Iranian force posture converge there, producing leverage through risk. The Caspian system plays a different role. It functions as a back-end redundancy and pressure-absorption layer, not a replacement for Persian Gulf-scale maritime flows.

Its strategic value lies in threshold delay. Even limited but durable access through Caspian, rail, and overland routes can sustain selective logistics, preserve repair cycles, enable dual-use flows, and slow the effects of maritime coercion. In this sense, the Caspian gives Iran depth without giving it full substitution capacity.

The linkage also widens the conflict’s geography. As northern routes become more relevant, Russia and Central Asian transit systems become part of the conflict’s strategic environment. The map shifts from Gulf chokepoints alone to a broader Eurasian corridor system.

This creates a second-order risk. As the Caspian becomes more visible, it may attract sanctions scrutiny, intelligence monitoring, interdiction pressure, and infrastructure disruption. A redundancy corridor can become a contested node.

6. Beyond Oil: Resource Chains and the El Niño Multiplier

The Gulf shock is no longer mainly an oil shock. Oil remains central, but the deeper risk lies in resource-chain transmission across energy, agriculture, manufacturing, and industrial production.

Gulf disruption now extends into sulfur, sulfuric acid, ammonia, urea, phosphate fertilizer, LNG, petrochemicals, metals refining, battery materials, and food-system inputs. Sulfur and sulfuric acid are especially important because they sit upstream of fertilizer production, metals processing, batteries, and other industrial systems. Disruption in these inputs can therefore travel from energy markets into agriculture and manufacturing.

El Niño conditions could amplify this pressure. If El Niño persists into the Northern Hemisphere winter, fertilizer stress and fuel-cost volatility may interact with drought, flood, and harvest anomalies, turning a regional maritime shock into a delayed food-security shock.

The Global South is particularly exposed. Many states face fertilizer-import dependence, food-import dependence, currency pressure, debt constraints, and limited fiscal capacity for subsidies. If higher input costs coincide with weather-driven harvest volatility, governments may confront inflation, subsidy strain, social unrest, and balance-of-payments pressure.

Phase II is therefore a global political economy problem, not only a battlefield or oil-market event. Its most consequential effects may appear months later through food prices, fertilizer access, shipping costs, and fiscal stress.

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7. A Latent Eurasian Community of Interests

Russia, China, and Iran are not forming an open military coalition. Their convergence is better understood as a latent Eurasian community of interests: a geographically enabled alignment designed to dilute U.S. coercive leverage and preserve strategic depth across Eurasia.

The division of functions is increasingly visible. Iran provides the southern pressure point against the U.S.-led Gulf and maritime order. Russia provides northern depth, Caspian access, sanctions-adapted logistics, and overland connectivity. China provides demand-side absorption, infrastructure logic, legal-order messaging, and the broader frame of Eurasian connectivity.

The shared interest is not ideology or formal alliance, but insulation from isolation. Maritime pressure, sanctions architecture, and alliance coordination are most effective when target states can be cut off. Eurasian geography weakens that logic by creating alternative corridors, political cover, and economic adaptation pathways.

This does not make Iran invulnerable, nor does it mean Russia or China will assume unlimited risk on Iran's behalf. It does mean that pressure on Iran increasingly interacts with a wider Eurasian counter-balancing pattern. The conflict is therefore not only reshaping the Middle East; it is accelerating the use of land depth, corridor redundancy, and alternative supply chains against Western maritime and sanctions power.

8. Policy Implications

- **Distinguish Israeli security from Israeli escalation preferences.** Continued support for Israel's core security requirements should be paired with stronger management of sequencing, ceasefire compliance, and election-driven escalation risk.
- **Treat war termination as system design.** A ceasefire without sequencing, monitoring, dispute-resolution mechanisms, and maritime rules will not stabilize the conflict. It may simply redistribute escalation into new domains.
- **Frame Hormuz as a governance problem, not only an access problem.** Restoring traffic is insufficient. A durable framework must address transit rules, insurance confidence, escort behavior, inspection claims, and third-party exposure.
- **Monitor the Caspian as part of the conflict system.** Northern logistics, Russian cargo movement, rail throughput, and overland redundancy are not peripheral. They shape Iran's ability to sustain pressure and resist isolation.
- **Move resource-chain monitoring beyond oil.** Policy analysis should track sulfur, sulfuric acid, ammonia, urea, phosphate fertilizer, LNG, petrochemicals, metals refining, battery materials, and food-system inputs.
- **Integrate climate risk into conflict assessment.** El Niño conditions could convert resource disruption into agricultural and political stress. Food-security early-warning systems should be incorporated into Middle East conflict monitoring.
- **Prepare for alliance divergence rather than alliance collapse.** The more likely challenge is not abrupt rupture, but declining synchronization among the United States, Israel, Europe, Gulf states, and Indo-Pacific partners.

Policy Brief**9. Limitations**

This brief is based on publicly available reporting and open-source indicators as of June 12, 2026. It does not independently verify battlefield claims, classified force posture, covert logistics, nuclear-stockpile conditions, or the full text of any reported U.S.–Iran draft agreement.

Several variables remain fluid, including the status of U.S.–Iran negotiations, Israel’s early-election trajectory, Caspian logistics patterns, and Russian or Chinese involvement. These variables should be read as indicators of strategic direction, not confirmed outcomes.

The resource-chain and El Niño assessments identify plausible transmission pathways rather than deterministic forecasts. Actual effects will depend on duration, inventories, substitution capacity, shipping behavior, weather realization, and policy responses.

Conclusion

The first ten days of Phase II show that the U.S.–Israel–Iran conflict is moving from war termination toward systemic realignment. The conflict is no longer defined primarily by strike counts or immediate battlefield outcomes. It is increasingly shaped by alliance synchronization, Israeli domestic uncertainty, Iranian strategic calibration, Caspian–Persian Gulf corridor dynamics, resource-chain disruption, climate amplification, and Eurasian geopolitical adaptation.

Phase I forced the United States to prioritize. Phase II is revealing the cost of that prioritization. Washington must now manage an Israeli ally whose security remains central but whose political leadership may not fully align with U.S. war-termination needs. It must also address an Iran that appears more selective, patient, and capable of converting interdependence into leverage.

At the same time, the conflict’s geography and transmission channels are widening. The Persian Gulf remains the coercive center, but the Caspian is becoming a more important redundancy layer. Oil remains critical, but the deeper shock now runs through industrial inputs, fertilizer systems, energy logistics, food-security exposure, and Eurasian corridor adaptation.

The central question is therefore no longer whether escalation can be stopped. It is whether the consequences of escalation can still be organized. Phase II is not simply a path toward peace; it is a test of whether the United States and its partners can manage a conflict system that has already become regional, Eurasian, and global at once.