

Iran's South Korea-Flagged Oil Tanker Seizure: What Does this Action Mean?

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Key Points:

- Iran's seizure of the South Korean-flagged oil tanker "HANKUK CHEMI" was likely motivated by economic pressures.
- Coalition security cooperation and economic sanctions should be increased, as Iran's actions reveal its dire economic situation due to sanctions and the pandemic.
- To prevent further Iranian malign activities including seizure, kidnapping, drone attack, or hacking, further countermeasures akin to the International Maritime Security Construct (IMSC) must be planned and executed.
- Iran may gain further prominence as a Great Power Competitor as hardliners seek to form an anti-western alliance with China.

Introduction

On 5 January 2021, Iran's Islamic Revolutionary Guard Corps (IRGC) seized the South Korea-flagged oil tanker M/T HANKUK CHEMI in the Strait of Hormuz. As a justification, Iran cited alleged environmental pollution violations. The tanker was crewed by five Koreans, two Indonesians, two Vietnamese and eleven Myanmar nationals.¹ The tanker's operator denies any environmental violations. The vessel reportedly remains in custody at the port city of Bandar Abbas near an IRGC base.² The South Korean government seeks a diplomatic solution and has deployed its anti-piracy naval unit, the "Cheonghae unit," to the Strait of Hormuz for any contingencies. Since 2009, this unit has deployed as part of CTF-151 to safeguard strategic Middle East waterways and independently to protect civilian ships.³ A South Korean delegation, led by the First Vice Minister of Foreign Affairs, met with senior Iranian officials to demand the vessel's and its crew's release. However, prospects for resolution appeared mixed. Seoul's hopes for a diplomatic solution have been dampened by the Iranian declaration that its courts must first adjudicate the vessel's alleged violations.⁴

¹ *Voice of America*, "South Korea to Negotiate with Iran over seized tanker," January 5, 2021, <https://www.voanews.com/middle-east/south-korea-negotiate-iran-over-seized-tanker> (accessed January 13, 2021)

² *Reuters*, "South Korean-flagged tanker seized by Iran, Seoul demands release," January 4, 2021, [South Korean-flagged tanker seized by Iran, Seoul demands release | Reuters](https://www.reuters.com/article/iran-tanker/seoul-demands-release-idKCN200121000803) (accessed February 4, 2021)

³ *The Korea Herald*, "Cheonghae, Korea's first overseas anti-piracy unit," January 21, 2020, <http://www.koreaherald.com/view.php?ud=20200121000803> (accessed January 13, 2021)

⁴ *The Korea Herald*, "Prospects appear murky for early release of seized S. Korean oil tanker in Iran," January 12, 2021, <http://www.koreaherald.com/view.php?ud=20210112000862> (accessed January 13, 2021)

Assessment

Iran claimed it seized the vessel over environmental violations, but it had other motivations. Analysts have differing opinions regarding Iran's true intent. Some believe the seizure's purpose was a demonstration of force on the one-year anniversary of the killing of Soleimani, while others claim that it serves to punish South Korea for being a key U.S. ally.⁵ This paper proposes that the main reason Iran detained a commercial Korean ship is for financial gains. Simply put, Iran needs money. The evidence indicates Iran deliberately targeted a South Korean ship;⁶ South Korea was the largest buyer of Iranian crude oil before the 2018 U.S. imposed sanctions.⁷ This action appears to be an Iranian response to sanctions that froze \$7 billion worth of financial assets in a South Korean bank.⁸ The Iranian government demanded several times that the South Korean government release this money before the IRGC seized the Korean vessel.⁹ However, the South Korean government complied with the U.S. sanctions, not least because non-Iranian foreign companies transacting with Iran are liable to secondary sanctions.¹⁰ Iran appears to have captured and detained the South Korean ship as ransom to recover their money from the South Korean government. Iran also may be seeking to exploit the South Korean tanker situation to secure the release of an Iranian ship held in Indonesia. Indonesia seized an Iranian-flagged oil tanker and a Panamanian-flagged vessel over suspected illegal oil transfer in its waters.¹¹ South Korea and Indonesia are close allies, and Iran may expect the two to coordinate to Iran's benefit.

This situation suggests that the U.S. economic sanctions against Iran are working, no doubt compounded by the impact of the global pandemic, and that Iran desperately needs the money to be released. The Iranian regime, in particular Ayatollah Khamenei and other hard liners, likely seek to secure as much funds as possible to strengthen the regime's economic position. On the surface, funds are needed for securing COVID-19 vaccines, stimulating Iran's stagnated economy, and facilitating humanitarian relief. But the Iranian regime most likely seeks vast funds to develop its nuclear weapons program and support regional proxies. According to some news outlets, Iran has taken significant new steps toward nuclear weapons production, and it appears to have also sent deadly suicide drones to proxies in Yemen.¹² Recently, the Iranian military conspicuously unveiled its underground missile facility, conducted a large-scale navy drill with two new warships, and tested cruise missiles.

The analysis conducted for this paper finds Iranian actions as saber-rattling that signals their willingness to pressure the U.S. allies to lift sanctions. Both the Iranian and U.S. leadership are indicating an interest to return to the JCPOA.¹³ However, Iranian hardliners and the IRGC resist. They want to reduce western ties, prioritize its anti-US and Israel regional alliances, and turn Iran into the major regional power.

Iran may gain further prominence as a Great Power Competitor as hardliners seek to form an anti-western alliance with China. To secure financial assets, the IRGC will probably increase malign collaboration with

⁵ *New York Post*, "Iran hijacks South Korean ship, boost uranium a year after Soleimani killing," January 4, 2021, [Iran hijacks South Korean ship, boosts uranium refinement \(nypost.com\)](https://nypost.com/2021/01/04/iran-hijacks-south-korean-ship-boosts-uranium-refinement/)(accessed February 4, 2021)

⁶ *Nikkei Asia*, "Iran Challenges Biden with South Korea tanker seizure," January 24, 2021, [Iran challenges Biden with South Korea tanker seizure - Nikkei Asia](https://asia.nikkei.com/News/Politics/International/iran-challenges-biden-with-south-korea-tanker-seizure)(accessed February 4, 2021)

⁷ *Ibid.*

⁸ *Ibid.*

⁹ *The Wall Street Journal*, "South Korea pushes Iran to release seized oil tanker," January 7, 2021, [South Korea Pushes Iran to Release Seized Oil Tanker - WSJ](https://www.wsj.com/articles/south-korea-pushes-iran-to-release-seized-oil-tanker-11609888888)(accessed February 4, 2021)

¹⁰ *Nikkei Asia*, "Iran challenges Biden with South Korea tanker seizure,"

¹¹ *Reuters*, "Iran asked Indonesia to explain seizure of tanker accused of illegal oil transfer," January 25, 2021, [Iran asks Indonesia to explain seizure of tanker accused of illegal oil transfer | Reuters](https://www.reuters.com/article/iran-indonesia-seizure/iran-asks-indonesia-to-explain-seizure-of-tanker-accused-of-illegal-oil-transfer-idKCN20210125) (accessed January 26, 2021)

¹² *Arab News*, "Iran may have delivered suicide drones to Yemen's Houthis: Report," January 14, 2021, <https://www.arabnews.com/node/1792791/middle-east> (accessed January 25, 2021)

¹³ *Newsweek*, "Rouhani celebrates end of Trump, but the forces that drove his Iran campaign remain," January 20, 2021, [Rouhani Celebrates 'End' of Trump, but the Forces That Drove His Iran Campaign Remain \(newsweek.com\)](https://www.newsweek.com/rouhani-celebrates-end-trump-forces-drove-iran-campaign-remain-1488888)(accessed January 26, 2021)

Venezuela, and conduct more aggressive actions such as seizing civilian vessels, kidnapping key personnel for ransom, or unexpected assassinations.

In September 2019, the United States launched the IMSC to ensure freedom of navigation, free flow of commerce, and maritime security, particularly by deterring Iran's malign maritime activities. Even though the IRGC has seized several international ships the IMSC has effectively enhanced regional maritime security. However, its future is not assured as shown by the withdrawal of a key contributor, the Australian Defense Force, on 28 December 2020.¹⁴

Conclusion

At this point, South Korean diplomatic measures alone will not likely secure the tanker's release. Iran's motivations and strategies are tied to gaining financial means and reducing the effectiveness of US sponsored sanctions. Regardless of the maximum pressure campaign, Iran continues to develop its military capability, ramp up its drills, and flex its military muscle. Iran's response is not strictly one of coercion. It is enhancing trade and coordination with China and Venezuela. Iran has already sent its oil tankers to Venezuela to export petrochemical products and it will likely have even closer ties with China as it pursues acquisition of new military technologies.

While Iran's malign activities may currently appear minor, the international community must firmly counter them. Failure by western allies to counter insignificant hostile acts will signal to malign actors that the international community lacks resolve, and that further hostile acts will not precipitate a response. Many experts now fear that, if Iran completes nuclear weapon development, Iran could proliferate such weapons to proxies and terrorist organizations, and further proliferation would be much harder to deter. If Iran's military adventures succeed, Iran will likely continue to escalate actions that threaten regional security.

Recommendations for the US/USCENTCOM

- Actively enhance IMSC capability. IMSC is likely the most effective option to deter Iran's further provocation. In contrast, weakening the IMSC could send the wrong signal to Iran.
- Maintain or increase overt military exercises and displays of force to deter Iran's boldness:
 - B-52 show of force missions
 - Arabian Gulf carrier strike group operations,
 - Joint anti-piracy exercises provide effective examples of "Flexible Deterrence Options"
- Prepare to counter and respond to a surprise Iranian attacks employing suicide drones, limpet mines, suicide unmanned submersible vehicles, GPS jamming, cyberattack, etc.

¹⁴ *Defence connect*, "Australia concludes support of International Maritime Security Construct," January 6, 2021, <https://www.defenceconnect.com.au/maritime-antisub/7457-australia-concludes-support-of-international-maritime-security-construct> (accessed January 25, 2021)