

Saudi Arabia Stops US Military Support, Ends US Operation Freedom | Larry Johnson

This is huge: Saudi Arabia puts an end to US "Operation Freedom" by banning the US from using Saudi Airspace or Bases. Is the Gulf finally going neutral? Larry C. Johnson — former CIA analyst — breaks down why U.S. strategy is failing, why the blockade is largely theater, and why China and Russia are filling the vacuum. Plus: a live bombshell tip mid-interview that changes everything. Essential viewing for anyone trying to understand what's actually happening. Support Larry here: <https://larryjohnson.substack.com> Our Substack: <https://pascallottaz.substack.com> Our Shop: <https://neutralitystudies-shop.fourthwall.com> 0:00 Introduction 1:01 Iran Negotiations: Why a Deal Is Unlikely 5:01 Gulf States: Losing Faith in U.S. Security Guarantees 9:59 False Intelligence & Iran's True Situation 15:53 Energy Prices & the Gasoline Shock 18:58 Futures vs. Physical Oil: A Market Disconnect 26:56 Breaking: Saudi Arabia Bans U.S. Operations from Its Territory 32:00 De-Dollarisation & the Shift in Global Financial Power 38:00 The Economic Tsunami: Fertiliser, Food & Cascading Inflation 43:00 Path to Resolution: What Iran Actually Wants 44:49 Israel in Panic & the U.S. Missile Inventory Crisis

#Pascal

Welcome back, everybody, to Neutrality Studies. Today we are joined again by the one and only Larry Johnson. Larry, welcome back.

#Larry Johnson

Senor, good to see you.

#Pascal

Very good seeing you, too. You are one of the best analysts to actually give us the updates on what is going on, at least from the U.S. side, in the Iran war. Can you maybe give us a rundown as we speak on my Thursday morning, May 7th, your Thursday evening, May 6th?

#Larry Johnson

Yeah, so I figure I should start bringing, you know, props to these interviews. I should wear, like, a neck brace. You know, people that have been in an accident, injured their neck, or they're walking around—that's what we need after watching, you know, you're watching Trump's policy reversals. You know, one minute, Project Freedom; next minute, no, that's on pause. One minute, oh, we're making advances; next minute, oh, we're going to bomb them. Well, the market spin has been that

there is progress on negotiations and still holding out some hope that those negotiations will produce a permanent end to the war. I don't see it. The obstacles or the demands of Iran are completely incompatible with what Donald Trump and his team are willing to accept. The Trump team wants to phase in sanction relief, you know, not give it right away. Iranians want it right away, and I don't blame them.

They've been down this path before with the JCPOA, where they were promised sanction relief and just had to, you know, show that they're acting in good faith. They acted in good faith. They did everything they were asked to do. And then Trump tore up the agreement, and nobody eased the sanctions that were on them. They want the money that's been frozen returned to them. In fact, they put out their plan today for how they're going to manage the Strait of Hormuz. And anybody who's been enforcing sanctions against Iran is not going to be allowed to use the Strait of Hormuz, just straight up. Anyone that allowed their land, their country—like Saudi Arabia, Qatar, Kuwait, Bahrain, the United Arab Emirates, Jordan—any of those countries that allowed the United States to use their facilities to carry out attacks in Iran, they've got to pay a fine.

They're going to be expected to help share in the remuneration. So I think there are just too many obstacles and that a lot of this may be staged. It may be theater. Now, if you listen to what Marco Rubio said yesterday at his press conference, there was no conciliation in that at all. It was all about basically why Iran's such a bunch of bad guys. They're evil. They're a bunch of fanatics, religious extremists, on and on. But it's like the United States needs to look in the mirror because a lot of the things we accuse the Iranians of doing, we're actually doing. But apparently, the Chinese had told Trump that if you launch another attack on Iran, forget about coming here. Xi Jinping will have no time for you.

#Pascal

Yeah, right, because we have the upcoming meeting between Trump and Xi Jinping later this month, and we just had Araghchi in, I think, Beijing meeting with the Chinese foreign minister yesterday or today. What do you make of that? Did you hear anything about what the discussion there was?

#Larry Johnson

Well, the most important takeaway from that is they talked about regional security—the architecture for regional security. Those were the words the Chinese used. Gee, where else have we heard that, Pascal? Putin. Putin's exact words. So what this means is China and Russia, man, they're singing from the same sheet of music. They're not off on independent acts. This is a coordinated effort. And they're delivering that same message to the Saudis, Qataris, Emiratis, Bahrainis, and Kuwaitis. Because I think they're going forward with a plan that is not going to include the United States. In fact, the report is that the Saudis, when this Freedom Project was announced, that was done without consulting with the Saudis, without giving the Saudis a heads-up.

So the Saudis reportedly reacted by telling the United States, you cannot launch any more air operations out of Saudi Arabia. You're done. So I'm trying to confirm that right now. But if that's the case, I mean, it was reported in the press, but I'm trying to check it out through my military sources to see if, in fact, that happened or if that's just, you know, some more spin. I think China and Russia are trying to set up a situation where they will be the dominant forces now in the Persian Gulf. And the other thing I think sort of grates on the Saudis and the Qataris in particular, and Bahrain and Kuwait, is they were promised protection by the United States. We got your back, man. Here's our great air defense systems. Watch these work. And it didn't work.

#Pascal

And they're now proving to be just that—just toys.

#Larry Johnson

Yeah, yeah. And pricey toys, let's not forget that, man. They cost a pretty penny. So they exposed that the U.S. air defense system really didn't work. And the bases, the U.S. bases, were widely hit and significantly damaged. So it would not be uncommon for these Gulf Arabs to start looking around and saying, what? We've been basically paying the Americans billions of dollars. We've been buying protection. And what did they give us? They got us sort of roughed up here.

#Pascal

Do you think it's sinking in by now in these Gulf states that that's the state of affairs? Because I talked to Mohamed Marandi last week, and he told me, look, Pascal, if the Arab states today just declared their neutrality and said, like, no more overflights by the U.S., no more basing, no more docking in our ports, no more using any of our capabilities to implement any kind of warfare against Iran, then the war is over with that very announcement, because the United States couldn't do it without them. And by now it seems that this is just the physical reality that's going to be there in the Gulf. So do you think it's sinking in, or will it still take time until even the UAE comes around and Qatar?

#Larry Johnson

Well, if the UAE doesn't come, and the UAE actually has taken very provocative steps—oh yeah—alienating itself from the other Gulf Arabs. The tensions with the Saudis are back up. In fact, these guys were considered, a few months back, close to going to war with each other. But Iran's demand is it wants security guarantees that it's not going to be attacked again. So how does that get translated into action? Well, one way is that they are forbidden to have any U.S. military bases in any of those countries that are adjacent to Iran, because if the military is not there, they're going to have a tough time launching attacks.

And the problem, I guess, the other incentive for the Gulf Arabs maybe to pursue that is that if you do allow the U.S. in, you become a target. And in the era of drones and short-range and intermediate-range ballistic missiles and cruise missiles, you're the target now. And they've suffered damage. We don't really have a full calculation yet, but some of the early indications are that there will be literally years spent trying to restore some of these capabilities.

#Pascal

Hey, very brief intermission because I was recently banned from YouTube. And although I'm back, this can happen anytime again. So please consider subscribing not only here, but to my mailing list on Substack. That's pascallottaz.substack.com. The link's going to be in the description below. And now, back to the video. And when it comes to the United States, you know, my friend here in Japan—she's an analyst—just asked me, so is the war over now? Because Trump actually announced it's over, right? But the blockade is still on. So it seems to me that the United States is really unwilling at the moment to go back to the kinetic phase. They do not want to shoot anymore, probably because they've run out of missiles, because there's just not enough things left to shoot. But it seems that the strategy is not to wind it down. The strategy is just to shift the way you impose hurt on Iran. Is that about it?

#Larry Johnson

Let me get it. This is a layered answer. Sorry to be so hesitant. Number one, the CIA and/or this Foundation for the Defense of Democracies have fed false intelligence into the Trump administration. And the nature of this intelligence is twofold: convince them, number one, that the Iranian leadership is coming apart at the seams, that there's nobody in charge, they're at each other's throats. And they believe that.

#Pascal

You believe that the White House believes this false intelligence?

#Larry Johnson

Absolutely believes it. And then coupled with that is that the economy is hanging by a thread, that the soldiers aren't getting paid, that the unrest that's beneath the surface is just waiting to bubble up. And so one more punch, and this, you know, we're back to what they were told the first week: we decapitate, man, they're not going to last three days, four days max. And they're being told that again. And you see Scott Bessett, he repeats it. You see Marco Rubio, he repeats it. Donald Trump repeats it. So I don't care what other negotiations are going on as long as you've got that belief about the situation. Now, what they don't understand—and I don't think, I've discovered this about a week ago or so—is that right now the Iranian leadership is probably more united than at any time in the 46-year history of the Islamic Republic.

Why? Because the top leaders share one thing in common. They all fought in the 1980–88 war that Iraq inflicted upon Iran. They all did. Pezeshkian, he was drafted into the army, but he was a medic, and he did all of his service as a medic with the IRGC. Araqchi, the foreign minister, he was in the IRGC. Ghalibaf, the Speaker of the Parliament, he was in the IRGC. Then the Ayatollah, Mojtaba Khamenei, he joined the IRGC when he was 17 in 1987 and fought for two years. He was in four major battles. So you've got a generation of guys who, you know, the youngest is Mojtaba, who's 56. The oldest is Pezeshkian. He's my age. He's 71. I look better than he does, I'll just note.

#Pascal

I'm better preserved.

#Larry Johnson

But they all, they come out of it, they all fought. So that was a—and they did that as young men, you know, between the ages of 17 and 30. That shapes who they are today. So they've been attacked again, just like they were attacked in 1980, only more viciously. So the notion that they're at each other's throats and divided, that's just Western propaganda. That's crap. And then as far as the economy being on—you know, it's running on fumes—they're going to collapse any minute now. The U.S. blockade is a charade, because it's a simple math problem that if you're going to blockade, that means any ship that's trying to get out of that blockade, you've got to stop it. You have to seize it.

You have to get on board. You have to search it. And then you take control of it and post a prize crew. There have been 150 ships that have left Iran since April 15th, at least 150 ships. We only actually have reports of the United States boarding two. Now, if they boarded—let's say they boarded all 150—that means when they board, the destroyer or cruiser that went with them has to accompany the ship, like the tanker or the cargo vessel. We don't have 150 ships over there. I think we've got 18, okay? And each of the three aircraft carriers, they've got a complement of four destroyers, and so 12 of those ships are there to provide protection to the aircraft carriers.

So if you say, well, we're going to start pulling them off to go seize ships, then you leave the aircraft carriers completely vulnerable, completely exposed. So the blockade really has been a non-factor on that front. But the other part is, Iran's not surrounded. They've got access to the Caspian Sea, to Russia. They've got access in the northeast corner to Turkmenistan. And then they've got, in the southeast corner, Pakistan. And Pakistan has opened up. They said, hey, we've opened up six transportation routes that are carrying, you know, 40-foot cargo containers, et cetera, of goods going in and out of Iran. So this lie that Iran's in desperate economic straits, they've never been in worse shape, it's just the U.S. authorities deluding themselves.

#Pascal

Yeah, and of course, Iran also has a 90 million population, which means a considerable internal market, plus access to a lot of raw materials—most importantly, the energy, of course, the oil. And the United States tried to smash up quite a bit of the oil manufacturing capacity, but Iran made it clear that if you do that, then we destroy yours, period. So this one was wound down, and I suppose they're now working on fixing all of that. Yeah.

#Larry Johnson

Yeah, I was just going to say, it's one more example of the schizophrenia of U.S. foreign policy and energy policy. Remember, two weeks in, what did Scott Besson announce? Oh, we're lifting the sanctions on Russian and Iranian oil so everybody can buy it. And they weren't trying to destroy any of the oil on the open sea because they needed it to try to stabilize the price. They have now failed. They have failed in that.

#Pascal

So the one thing we can say for sure is when Donald Trump said, oh, it doesn't matter if the price of oil goes up a little bit, that's the price to pay, then we know that's actually not true. They actually have to care, right? Washington really, really has to care about the price of oil.

#Larry Johnson

Just come here to Florida, I'll take you to the local gas station, and you can listen to the people bitching. They're not happy. My wife came back the other night and commented that, you know, the commentary, you know, normally people get out of their cars, they fill up their car, they're not socializing. People are, you know, "Can you believe this crap?" You know, that kind of thing. So Trump has himself a real problem because we've, like—I'll give you an example. Thursday, the price of gas was \$3.96 a gallon. So before the war, it was \$2.54. So on Thursday, it had dipped down a little bit in the fifth week, sixth week, seventh week because they raided the Strategic Oil Reserve. They pumped more oil into the system to try to stabilize the price. But now they've emptied out the Strategic Oil Reserve. So Thursday, the price was \$3.96. Friday, the price was \$3.98. Saturday, the price was \$4. Yesterday, the price was \$4.04. So just in five days, it's gone up 8%.

#Pascal

Do you think that the Trump administration actually uses that metric as one of the indicators of what they have to say next in order to make the markets come down? Because my friend here in Tokyo, she actually said, based on what they heard yesterday, she's expecting that today when the markets open, since it was a public holiday here, the markets would react very positively, hence the price of oil will go down. Do you think they actually try to look at what's happening in the U.S., Trump?

#Larry Johnson

No, this is where there's a disconnect. They are using the futures market, which is completely disconnected from reality. If you go out, like in Singapore, when the ship pulls in to start offloading the oil, they're not paying—let's say the Brent was \$110. I haven't even looked today to see what it is because there's so much market manipulation. But the actual price you pay at the dock—because the paper market for futures is meaningless—what you pay at the dock, Singapore was paying \$250 for a barrel of oil five weeks ago, six weeks ago. Many countries right now are paying \$140, \$150. So there's at least a \$40 to \$50 gap there between what they say the futures market is and what the actual price is. And, you know, that gap is being widely exploited by some very shrewd traders.

So the market is being manipulated by politics and perception. All this thing is over. What people don't understand is 20% of the world's oil supply is no longer on the market. Now, on February 28th and March 1st and March 2nd, even though the Strait of Hormuz was threatening 20% of the world's oil supply, that 20% was still out on the high seas sailing to a destination to deliver that oil. So nobody was actually being deprived yet. Now they are. That's the difference. This is now where the full negative economic effects of this are going to kick in. And, you know, just something as simple as people who, you know, here in Florida, we get, you know, lots of sunshine year-round. Grass is always growing, so you've got to have somebody take care of your lawn to cut the grass. Some people do it themselves.

Well... So you're now, if you've got a five-gallon lawnmower, you're basically paying \$5 to \$8 more for gas than you were two months ago. And then with the vehicles, that's up. The diesel is, you know, like almost double the price. So everybody is going to have an inflationary effect right away because people are having to pay more for not just, like, lawn services. I have my dogs. We feed them a raw food diet, and so we buy a five-pound log of hamburger and divide it up. So, you know, each of them eats about three-quarters of a pound a day. They're 140-pound dogs, so they're big dogs. A year ago, I was paying \$14.50 for that five-pound log. Today, it's \$21.50. Wow. And two weeks ago, it was \$20.50. And a month and a half ago, it was \$19.50. So the price rate is actually accelerating.

#Pascal

Yeah, this is one of the things that a lot of people misunderstand. Like, inflation is not a monetary phenomenon. Inflation is mostly a phenomenon of real economic impact, like when oil goes up and everything then goes up. Same over here in Japan. So in this sense, you know how they say that usually a leader is only three meals away from being overthrown, right? So in that sense, like Donald Trump is only three times filling up at the pump away from a real, real problem on his hands. And that must be somewhere on his mind or on the administration's mind. I mean, Biden, for whatever we think about him, at least when it comes to numbers in the economy, he's not an idiot, right?

#Larry Johnson

Yeah. Well, you'd hope not. But they seem to have been able to manipulate it or convince themselves that it's not that big of a deal. Now, you know, normally economists or the average person look at inflation in just one dimension. They think, oh, we've printed, we've got too many dollars chasing too few goods. But sometimes inflation is a function of people printing too much money. But that's not what we've got going on. We've got a genuine inflation being caused by shortages, right? And those shortages are then cascading through the entire economy. It doesn't just stop at one spot. It ripples out, just like throwing a rock into the water. Those ripples go out, you know, to the shoreline. So that's, you know, it's going to affect the price of food. And then it's going to affect people's decisions. How much money am I willing to go spend to eat out, you know?

#Pascal

I don't know why this is so hard. I mean, if the price of energy goes up, how are you going to get a bottle of water that's bottled somewhere, I don't know, in the center of the U.S.? How are we going to get it to the coast or vice versa? Everything has to go up because everything needs to be transported. For transport, you need energy, period.

#Larry Johnson

And most of that transport is done with diesel vehicles. Now, China is somewhat immune to this because a large number of their trucks are electric. So, you know, the electricity price isn't going up that fast. And this actually may drive a shift to electric vehicles for many people.

#Pascal

It does. I was recently in China, in Shanghai, and the number of electric vehicles is amazing. Not a single motorbike with a combustion engine, not a single one in Shanghai.

#Larry Johnson

They had all the electric bikes, right?

#Pascal

Yeah, electric bikes. And a lot of electric cars, including, of course, two different license plates — one for electric, one for combustion engines. And the combustion engine license plate is much more expensive. Very interesting. But let's go back to Iran. So how long do you think it will take for the White House to actually fire whoever fed them that kind of information and start dealing with reality instead of dealing with that absolutely bizarre image? Because the Iranians by now have made it very clear. They just keep their course. They just keep having their demands and they hammer them in. And they have a very clear strategy, which is just like, no, we're staying on course. The one thing that surprised me is that they're still willing to negotiate, but they keep steady.

#Larry Johnson

Well, you notice this is the same phenomenon we've observed with respect to the Russians and negotiations with them. The West refuses to listen to what the Russians say, and they always come up with some bizarre explanations about something else going on, and so the Russians have consistently stated this is our position, just as the Iranians have.

#Pascal

And the West refuses to live in reality land together. I mean, the Russians, the Iranians, the Chinese do. And they say, look, this is the case, this is what we need, and this is what we want. And the West, I mean, the US and Europe, constantly say, no, the case is completely different, and reality looks like X, therefore you must do Y. And then the others just go like, no. So how long can this continue?

#Larry Johnson

Well, it continues until external events occur that compel the leaders to come to grips with reality. So, like with respect to Iran, I think the catalyst will be the economic growth—an economic crisis, a global economic crisis will finally compel Trump to break out of this, you know, pathological dependence on Israel. It's been very interesting the last 24 hours as news outlets of the possibility of the United States and Iran, the negotiations, that broke. Hang on, I just got a tip that will be relevant here. Let me take a quick look at this.

#Pascal

Please, please.

#Larry Johnson

Because I'd asked a question. I said NBC is reporting that the Saudis have refused to allow the U.S. to use any of their airfields now. They're pissed off at Trump for announcing Project Freedom without consulting with them in the first place. And I asked somebody who's in a position to know, I said, is that true? He said, my friend said, yes, there's been an insane amount of thrash right now figuring out how to adjust the combined forces aviation component commander scheme of maneuver since we can't launch or recover anything out of Prince Saud Air Base right now. So that is for NBC. NBC's got an accurate report there.

#Pascal

That means, okay, so Project Freedom was mainly about the U.S. trying to figure out a way to evacuate their material and people from Prince Saud Air Base, doing it under the cover of saying,

like, oh, we're going to humanitariously evacuate the ships that are stuck there. And now they had to abandon that within 24 hours. But the side effect is that the Saudis are really, really pissed off now because this was all done over their heads—basically, again, like throwing them potentially under the bus again.

#Larry Johnson

Yeah, well, and also they'd been promised, hey, man, this thing will be over in four days. Iran will be defeated. They won't lay a glove on you. How'd that work out?

#Pascal

Not too well.

#Larry Johnson

In fact, it turns out that Iran has beaten two nuclear powers. They didn't even need a nuke to beat the nuclear powers. So that's starting to resonate throughout the Gulf. And so that's interesting with the Saudis because that goes back to, I think, the contacts with China and Russia. They're working diplomatic channels with the Saudis, with the Qataris. So this really creates a problem for the United States. And any attempts they thought about launching—you know, what I heard and had on pretty good confirmation—that the U.S. was likely to start launching raids, you know, new attacks in Iran today, for you, the 7th. But I think that may be put on hold now, in part because the Saudis are saying, oh no, you're not flying anything else out of our country. Forget about it.

#Pascal

So actually, this is not happening. Saudi Arabia has now confirmed and said, "U.S., you're not using our territory anymore."

#Larry Johnson

Right, right. And apparently, according to NBC, Trump got on the phone with Mohammed bin Salman to say, oh, hey, buddy, listen. And Salman just said, no, no. He told him, I think he told him, look, you keep saying you're going to defend us, and you keep taking these actions independent of us that then put us at more risk. We're the ones suffering the damage, not you. No, no, we're not. We're not playing that anymore. And I think they're actually going to get a better offer from Russia and China, because both are using the same language about security architecture—a new structure, a new approach to security for the Gulf. The previous scheme was one based upon having the United States locked and loaded to attack Iran, providing military equipment, but in exchange for the Saudis and the Qataris buying billions of dollars in U.S. treasuries, providing billions of dollars of support to a U.S. government that is not looking out for their interests at all.

#Pascal

Yeah, and we've seen the Chinese approach of trying to broker rapprochement between Saudi Arabia and Iran. And, well, that one took a dip again. But when all three—China, Russia, and Iran—talk about the security architecture, what they talk about is not the U.S. approach, which is like deterrence, basically a gun at the head of the other one. It's actually trying to figure out living together and something that would make sense without constantly threatening each other, which is, of course, connectivity, especially when it comes to the Chinese. And we know by now that actually part of the bombing campaign of the U.S. was to try to smash up land trade links, routes, and railways in Iran that connect Iran with China. It's pretty clear that that's the strategy, right? One side tries to connect, the other side tries to sabotage those connections.

#Larry Johnson

Right, and let's look at, again, let's look at what's transpired in the last week. Russia made the announcement that in the future, if you want to buy its oil, you're going to pay for it in yuan. So they want to be paid in the Chinese currency. China, two days ago, told its refineries and banks that have been threatened with sanctions if they purchase Iranian oil or Russian oil, for that matter. They said, screw the American sanctions. Ignore them. We're not going to enforce them at all. And if they come after you, we got your back. So, you know, the language used was language of defiance, something that's really sort of uncharacteristic. The Chinese usually are painfully polite. It was very undiplomatic language. So, you know, Trump has succeeded in, you know, galvanizing and building a new alliance between Russia, China, and Iran. And it's now going to extend to other members of the Gulf.

#Pascal

And not only that, but also set in motion what was needed in order to get a separate infrastructure ready. What's your take on the insurance issue? Because, you know, threatening a blockade and threatening to board ships, etc., you can threaten that even if you don't have the capability to do so. And in the old world, five years ago, when you threatened that to ships, like, let's say, Russian oil tankers and so on, what would happen is that all of the insurance companies, the reinsurance companies, most of them in London, would then decide not to insure those ships, which means they're basically stranded because nobody sails without insurance because the stuff is just too expensive. Now, in the meantime, in the last five years, a whole different economy has emerged, and Russian insurers and so on. And apparently, even in the Iran war, I mean, the ships never stopped going through the strait. There were always ships that actually had insurance and managed to go. So it means this insurance must come from outside the West, doesn't it?

#Larry Johnson

Well, let me ask you a question. We'll do a test here. I love giving the professor a test. In 2000, which country in the world was most represented in the top ten banks in 2000?

#Pascal

My gut feeling is I would want to say Switzerland, but it probably was London. It was the City of London.

#Larry Johnson

Japan had five of the top ten banks in the world in 2000. The number one bank at the time was Deutsche Bank. And then the Paris bank, it was BNC, BNP, something like that—Paribas. Paribas, that's it. Then you had two, the number three and four positions were by Japan. And then, like, five, eight, nine were by Japan. I think HSBC was there on the list, J.P. Morgan, etc. So that's 2000. Today, in 2025, the top ten are—China's got the top four positions. China wasn't even on the list 25 years ago. Then the U.S. has got Bank of America and JPMorgan Chase.

Then you've got one, HSBC in Britain, the French bank, and I think there's a Swiss bank. Notice Germany, and there's one Japanese bank, Mitsubishi. So Japan went from having five of the top banks in the world 25 years ago to gone. China went from nothing to now it's got the four largest banks in the world. So right there, that shows you the shift in economic power. It's not the City of London. This fixation with the City of London by some is just foolishness because it's not the Rothschilds' bank that's running the Chinese banks.

#Pascal

And, you know, the interesting thing that I also know from that friend is that the Japanese banks are actually quite worried because they are plugged into the Western system. And even if they wanted to plug into the Chinese, they couldn't. The Chinese market is completely, utterly separate. The Russians are compatible, she said. So if the sanctions were lifted, you could redo business with the Russians. But you can't. You can't do it with the Chinese because the systems are kept completely separate—not just the regulations, but the systems. So, I mean, does that show us now that, you know, the sanctions are going to be less and less useful, and even blockades are going to be less useful if you are not, unfortunately, sitting in Havana, where, you know, you're kind of basically in the embrace—the physical embrace—of the United States? But outside of that, you basically now have a separate infrastructure to work with.

#Larry Johnson

Yeah, it is. Well, what we're witnessing is the restructuring of the international financial system, which translates into the restructuring of the political system. So, I mean, these two are intertwined. That's why, you know, I've used the analogy of what we're witnessing, what started on February

28th with the shuttering of the Strait of Hormuz, which then was essentially cutting off 20% of the world's supply of oil, 25% of the global supply of liquefied natural gas, 35% of the urea used for fertilizer. I don't know the percentage on helium and sulfuric acid, but it's significant. Okay. Those all, you know, once those shortages hit, it's like with the tsunami. When the tsunami first starts, all the water runs out toward the ocean. It doesn't care. And so if you're sitting there on the beach, it's like, oh, isn't this cool?

If you didn't know what a tsunami was, you'd think, oh, man, look at all the open beach we got. And you can see, you know, fish flopping around, etc. But if you know about a tsunami, you know that's the time to get your butt out of the beach chair and start running for high ground. Because then the flood's going to come back in, and it comes back in viciously. And that's what we're starting to see. That's what we're starting to see, you know, with the price of oil going up. And there's not a fix to it. It's not like you can flip a switch and have some other country in OPEC start producing more. They're limited in that regard. So we've seen... you know, Arachi has been a very, very busy man since a week ago Monday because, well, actually, we could do, you know, almost two weeks now.

He started, remember, he started in Islamabad, went to Muscat in Oman, then back to Islamabad. Then a week ago Monday, up to St. Petersburg with Putin. Then the next day, back in Iran. He's on the phone with Turkey, the Saudis, the Iraqis, I think even the Syrians, believe it or not, and the Qataris, Kuwaitis. He didn't talk to the UAE. So, you know, briefing them up on this — this is the status, this is what's taking place, these are our plans going forward — you know, trying to build a relationship. And it appears now to be bearing some fruit. So this war may come to a stop, if simply because the United States will no longer be able to use military facilities in Saudi Arabia and Qatar. Qatar will be the next shoe to drop. We'll see if they do it.

#Pascal

And if your analogy is correct, then we are not too far away from the moment when the United States will actually start asking Iran and the others to export more oil, please, because you need to stabilize the global oil price. The other thing the United States could do is start restricting its own exports of oil and LNG to Europe. Is that something that could happen?

#Larry Johnson

Oh, yeah, but have you seen what's— I don't know if you've— I saw this chart yesterday that as these price differences grow, so the West Texas Intermediate, WTI, as it shows up on the oilprice.com chart, it was like— it was barely above 100. So, again, it was like some of the cheapest oil out there. Well, guess what? People around the world, that's what they're buying. So the United States, actually, its exports have gone up so dramatically, that's creating shortages here in the United States, which is exacerbating the price of gasoline. Can't make this stuff up, man.

#Pascal

Wow. It's like not only shooting yourself in one foot, but shooting both feet and also working on cutting them off.

#Larry Johnson

Yeah. It's almost like a form of insanity. It's not rational. Or it is, you know, like Scott Besson, the Secretary of the Treasury. He really believes these things — that Iran is in desperate straits and that the U.S. pressure is being effective in bringing change — and it's not.

#Pascal

So again, the problem of reality land, and of course the markets, for instance, they navigate somewhere in between there, right? Reality land will always catch up, but you can live in a fantasy for a while, and the price will chase a fantasy until reality land hits. So where does that leave us then for the development? Because it seems to me that what you're saying is that the United States will lose the capability to implement its military strategy toward Iran. And so things are now winding down in a sense naturally, but will there be a moment when the United States will be forced to actually come to the table and make concessions that Iran wants — most importantly, lift those sanctions, lift them, lift them. Yeah.

#Larry Johnson

Yeah. That's Iran's position — Iran is under no pressure to surrender. And Iran has made its demands clear, what it wants. And up to this point, the United States is ignoring that. As the economic situation worsens, both in the United States and throughout Asia, there's growing political pressure on the United States to get this fixed. Now, we're at that stage in terms of the disruption of commodities that even if everything ended tomorrow and they said, okay, we're turning the taps back on and there wasn't really any damage that had to be repaired, you'd still be probably six months away from getting back to a stable market, right? And so there's going to be significant chaos during those intervening six months.

#Pascal

Right. So maybe as a last point, what's your assessment of the situation in Israel? Because that's historically one of the biggest spoilers of any kind of winding down of violence. And we can see how they continue operations in Lebanon. We see how they continue their operations also in Gaza. Our mass media still tells us it's a ceasefire. I mean, even when there are dozens of people dying a day, it's still called a fragile ceasefire, which obviously it's not. What's your assessment of the Israeli situation?

#Larry Johnson

Israel's panicked right now. There are reports that Trump's decisions, both regarding Project Freedom and the negotiations using the Pakistanis as intermediaries with Iran, have not been pre-coordinated with Israel. And so Israel reports that Netanyahu and Katz are all calling different people. I guarantee you they're calling Miriam Adelson. And Miriam Adelson, who's got a direct line to Trump, is going to call him up and say, what the hell's going on? So they're going to, you know, I think that kind of pressure is also going to work on Trump. He's going to be pressured to continue striking at Iran and not pursuing peace. But the pressures on him are growing, and he's going to have to make a choice here within the next five to seven days.

#Pascal

But could they? I mean, some of the information I got last week is that the U.S. is down, like the missile inventory of Patriots and THAADs and so on is down 50, 60 percent. It's like, is the capacity to strike conventionally with conventional weapons at Iran still there right now? Is there still enough material in the region that could be fired at?

#Larry Johnson

Oh, they've got, on the offensive side, they are short. You know, the Tomahawk inventory is way down, as is the JASSM. Those are the long-range cruise missiles that are fired from the F-35. The air defense system is in even worse shape. I know CNN reported that the PAC-3 missiles were down 50%. No, I guarantee they're down 90%, and very, very short. Same with that, because when you're dealing with interceptor systems that did not have a substantial, you know, the total production of PAC-3s through the end of December of 2025 was 6,420. And when you understand that two of those interceptors have to be fired at an incoming missile, then you realize that although you've got 6,420, you actually could only attack and defeat 2,310.

#Larry Johnson

Ballistic cruise missiles and/or drones. Well, when you look at how many right now, you know, we gave a thousand of those PAC-3s to Ukraine, and Russia has fired over 12,000, 14,000 missiles in the last four years. You know, so clearly there are not enough Patriot missiles to put a dent in it. And assuming that they weren't worth a damn—which they don't—they're not effective against ballistic missiles. They're maybe pretty effective against some subsonic systems, but particularly those that are supersonic, forget about it.

#Pascal

All right. So that doesn't leave a lot of options open. And yeah, Israel must be in quite dire straits. But maybe, last point, do you think Iran will continue connecting its negotiation strategy also with Lebanon and Gaza? Or will this be something that they probably are willing to compromise on?

#Larry Johnson

No, I don't think they'll compromise on that. Not at all. Particularly with the fact that the Israelis murdered not only the Ayatollah, but murdered those 168 girls. Right, the girls of Medan. That lives on in the memory of the Iranian people. And that's one that they're not going to forget. You know, Americans should try to appreciate this. We're now 25—this will be the 25th anniversary of the attacks on 9/11, right, September of this year—but still, so far, they still come on the morning of 9 /11 to read the names of every victim.

And the family members, the people who 25 years ago were, you know, 8-year-old kids and their dad died, you know, now they're standing there, they're 33 years old. So it's a little bit like, if you will, a modified March of the Immortals. The Russians, in remembering those who died in the Great Patriotic War on May 9th, they march through the streets holding the pictures of their grandfathers, their great-grandfathers, their great-grandmothers, their uncles, great-uncles, those who fought and died in that terrible war. And so it's that kind of memory that's playing out in Iran. This left an indelible mark that they're not going to forgive or forget.

#Pascal

Right, right. No, okay. That does make a lot of sense. And since Iran is actually winning the war, its version of what this war was about is the one that's going to be prevalent, especially in the non-West. Larry, that was very, very comprehensive. Thank you so much. People who want to read you and see more of you, they should go, of course, to your wonderful homepage, sonar21.com, right? Yes, that's it.

#Larry Johnson

Come here. I'm also at Larry C. Johnson on Substack. So that's an alternative. Yeah, I was going to say, if people want to subscribe, a lot of people like to subscribe and get a notice. And so that comes off of my Substack page. I don't charge for any of it. If people want to make donations, they can. On Substack, I say, okay, if you want to comment, you pay a small fee, but otherwise you can read for free, and you get the same access regardless.

#Pascal

It's a wonderful model, and I recommend it to everybody. I do the same on Substack. And please do leave a subscription at Larry's Substack, a paid subscription, because Larry was also kicked off YouTube. I must remind everybody, you were kicked off YouTube. You're not allowed to be there. But on Substack, there's still freedom, and there's also a way to support you. Everybody, please leave a subscription with Larry's Substack or on his homepage, Larry Johnson. Thank you so much for your time today.

#Larry Johnson

Hey Pascal, it's always a pleasure, my friend. And one of these days, I hope to meet up with you in person.

#Pascal

I hope so. We'll do so soon. See you.

#Larry Johnson

Okay. Take care. Bye bye.