

# Kingdom Report

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## Israel - Gaza War : Possible Scenarios and Consequences

The Lord is once again shaking the nations. (Hagai 2: 6-7). I see 3 possible war scenarios, international economic and political power consequences. And the possible impacts on Israel and the Church.

As of this morning Friday 20<sup>th</sup> as I am writing this blog below is my analysis of the Israel – Gaza war situation. I will first give you my summary and afterwards my opinion of this war on the prophetic issue of the church and Israel.

### The World Order is Crumbling

The global security order is crumbling. In 2021, Afghanistan collapsed as a US client state, returning the Taliban to power. In February 2022, war began in Ukraine. 2023 had already seen four anti-Western African coups; civil wars in South Sudan and Ethiopia; a map-changing victory for Azerbaijan over Armenia in Nagorno-Karabakh; fears of more map-changing war in the Balkans; carpet-bombing of civilians in one pocket of Syria, and Turkish actions against Kurdish forces backed by the US in another; and rising tensions in the South China Sea between the Philippines, again backed by the US, and China. Now the year sees a Middle East war too.

Israel just experienced its 9/11 or Pearl Harbour: first, in terms of the intelligence failure; second, in its scale of casualties; and third, in its determination to strike back hard. Israel has declared war for the first time since 1973, with 300,000 reservists called up to back PM Netanyahu's stated goal of toppling Hamas entirely. Indeed, Israel has stated it aims to redraw the status quo in a way that will be felt for 50 years. Yet this is not just about Gaza. Iran is blamed as financier and planner for the 10/7 attack by some, which escalates matters. This war could very easily spread beyond Israel-Gaza to Israel and a multitude of new enemies on all sides.

As the US sends two aircraft carrier groups to support Israel, and soon another two, Russia is seen as backing Iran, reciprocating its backing for Moscow vs. Ukraine. China, seen as standing too close to Russia by Europe and the US, signed a 25-year co-operation deal with Iran in 2020, and brought it into the BRICS11 this summer. In short, this is a highly complex, dynamic picture with many outside actors.

I see three possible war scenarios escalating in seriousness depending on how many new powers get involved if war escalates.

### **War Scenario 1 : Israel-Gaza**

An Israel-Hamas war would be tragic, but the impact on the global economy and markets is limited – unless Israel were to lose the ground war in Gaza, which would be a huge shock to the collective West, to say nothing of Israel. As of this morning it is a blockade and firing at distance. If however Israel invades with ground forces and tanks into Gaza then things easily escalate to Scenario 2.

### **War Scenario 2 : Israel + US against: Gaza-Lebanon-Syria-Jordan-Egypt**

If Israel starts a ground war against Hamas, Hezbollah will start its own assault with its huge missile stock. This would soon deplete Israel's Iron Dome defences, making mass casualties inevitable, with a matching Israeli response against Lebanon, already close to being a failed state. Israeli media reports France was recently used as conduit to transmit the message that should Hezbollah attack Israel, the US forces would hit it too, dragging the US in. Israel has separately warned it will attack Syria if Hezbollah attacks it. Notably, Israel has already exchanged limited fire with Hezbollah and with Iranian militias in Syria.

Jordan and Egypt could also be destabilized. Egypt has an election in December: its pro Palestinian population is already seething about high inflation, and two Israeli tourists were shot dead by a policeman in Alexandria on 8<sup>th</sup> October. If Jordan and Egypt back Israel, Hamas could also target them. Note the Suez Canal runs through Egypt: what if Hamas were to attack an oil tanker in the Canal, blocking it to global trade

Israel could find itself under “existential threat”, in the words of a former senior security official, if it faces a multi-front war from Hamas, Hezbollah, Iranian militias in Iraq and Yemen, an Iran-instigated intifada in the West Bank; and from radicalised Israeli Arabs inside the 1967 Green Line. Again, this presents a huge potential shock to the West

### **War Scenario 3 : Israel + US against : Hamas-Lebanon-Syria-Jordan-Egypt-Iran-Saudi/Gulf**

With Iran blamed by some as responsible for the 10/7 attack there is a risk Israel may target it – something long planned over Tehran's pursuit of a nuclear weapon. Naturally, Iran would then attack Israel, Jewish targets world-wide, and maybe pro-Israel Western governments, as well as Saudi Arabia, and/or oil tankers in the Straits of Hormuz. This could risk dragging the US into another open-ended Middle East war, with Russia (and China) backing Iran. Even in a much milder scenario where the US merely opts to enforce oil sanctions against Iran properly, i.e., not allowing sales to Beijing (exacerbating US-China tension), Tehran could destabilize Hormuz by harassing oil shipping, as it has done often of late.

How bad can it get?

In short, Middle East war looms. The scale is unknown, but wars have a worrying tendency to escalate. There is already a worryingly-wide spectrum of worryingly-possible future outcomes shown above – and these exclude the possibility that war spreads even further, as it has from Ukraine to the Middle East. Yet if the Pax Americana continues to crumble, many may ask: where next? That is even more the case when key players such as Russia arguably stand to gain more from destabilizing things than helping maintain ‘business as usual’. Moreover, other actors may see a window of opportunity for action with the US tied down militarily on two fronts. In that light, we now look at the potential impact of the above three war scenarios on global energy markets.

### **The Catastrophic Impact on World Energy Prices**

Currently, Iran produces 3m barrels per day of crude, with about half exported to China. Furthermore, it has claimed dominion over the Strait of Hormuz, another major chokepoint for global energy market that transits 17% of world oil flows as well as Qatari LNG. Notably, the Strait has never been fully closed, even in the Tanker War of 1984 in which Iran and Iraq routinely destroyed each other’s shipping. Yet in the past seven years, as part of a proxy war against Saudi Arabia, Iran has stepped up efforts to seize vessels and harass merchant shipping there. Oil would stay above \$100/bbl crude in a scenario where the US enforces ironclad sanctions on Iranian oil while safeguarding “allied” tankers. This could come at a huge cost to the US Navy given Iranian drones and cruise missiles might attack them (as seen in the Ukrainian conflict). Oil prices would obviously rise further if the US then struck Iran back.

Meanwhile, a single crazy hour of missiles and drones could change the course of global oil markets for a decade, seeing Brent oil well \$150. US Senator Graham has publicly stated the US should threaten Iranian oil infrastructure, with Israel, if necessary: Israel and Saudi Arabia have their own missiles (and/or planes) to attack Iran, and Iran the Saudis and Israel. Either side could also use drone attacks, as Iranian proxies did in 2019, briefly cutting Saudi oil production by half, affecting 5% of total world output at the time.

Once wars begin it is impossible to predict where they will end and how, more so in what is now a global insecurity order. However, we can already underline a few key logical developments:

1. The gloves are off for Israel. 10/7 will change its politics and those of the Middle East. This policy shift will echo around the region, and the world.
2. An epochal Saudi-Israeli peace deal and US defense guarantee is history – at least until the victor of this conflict is clear.
3. Planned Indian – Middle East – Europe trade corridors and railways are also over for now, as is the proposed Turkish alternative. Maybe even China’s Belt and Road Initiative from Asia to the Middle East hits a huge crater.

4. Iran is being blamed for having helped plan and finance the 10/7 attack. This only adds to the evidence of an emerging axis of Russia, Iran (and Syria, Hamas in Gaza, the Houthis in Yemen, Hezbollah in Lebanon, and militias in Iraq), North Korea, and China. It is the Global East and South lining up against NATO and Israel.

5. Can the US draw the line between support for Israel and not getting sucked into another Middle East conflict in an election year? That latter fact is well known to everyone in the region, which reduces the power of US deterrent. And in an election year American presidents gain sympathy and support if America is at war (e.g. Bush/Iraq 2004 election; Margaret Thatcher 1982 Argentina)

6. A Middle East war will accelerate global bifurcation. Indeed, 10/7 may prove as epochal as 9/11 in that whereas even Iran, Russia, and China backed the US against Al Qaeda, the world is now deeply divided. If the West doesn't back Israel, it will show huge weakness; if it backs Israel, the Global South (India aside) will again see it as hypocritical, to Russia and China's gain; and if Europe moves away from Israel when the real fighting starts, the US will see the EU as hypocritical. In short, far greater global division lies ahead at a time when supply chains are already shifting geopolitically.

7. It remains to be seen if Saudi Arabia will maintain recent rapprochement with Iran after the latter destroyed Riyadh's hopes for an Israel-peace-and-US-defense deal. However, note that the United Arab Emirates, always close to Saudi, has largely backed Israel so far while warning regional actors not to step in: that may be Riyadh speaking via the UAE despite its own pro-Palestinian statements.

8. As the world order crumbles, globalization crumbles and with it secure supply lines from foreign markets. Watch as nations scramble to "on-shore" critical supply chains.

9. Military spending will soar. As Russia shifts to a war economy, Europe already cannot help Ukraine without US arms; yet now the US might now need to dip into its dwindling stocks of weapons and shriveled military-industrial production base to help Israel; and this as the Pentagon wants to pivot to Asia, where China can out-produce it on every front.

10. Hard choices will need to be made on who gets the weapons stock available now: Israel, Ukraine, or others?

11. This backdrop again underlines Europe's particular strategic vulnerability as a pacifist free trader with no military capability to protect its international vital interests. Europe and the Euro increasingly becomes irrelevant in the world power rankings.

12. This war will likely have a major flow-through to fiscal, monetary, and industrial policy, and then to markets. Few current participants have any memory of living through a genuine extended war economy. The historical record is that war impacts on fiscal deficits (higher), inflation (higher), commodity prices (higher), asset markets (lower), and FX markets (wilder) are unlike those we see during peacetime. None of the world major economies is ready for this and with high interest rates and high debt levels the world economy can easily dip from recession to depression,

### The Israel – Church Impact

There is a lot of evangelical eschatology about to be tested in these war and consequences scenarios.

Regardless of which war scenario plays out Israel will not be the same after this conflict. Israel was in “civil war mode” before this Gaza war. The nation was divided against Netanyahu and his right wing government with hundreds of thousands of demonstrators on the streets.

What is at stake is that the right wing Zionists in government want the Supreme Court curtailed. Meaning they want to legally annex all the West Bank and Gaza land that they believe is their “Promised Land”. The Supreme Court has always blocked this. The problem is that most of the Israeli people are not religious and have no interest in “Greater Israel” prophecies. These people blame Netanyahu for this intelligence failure and failing to protect Israel with most of the Israeli security forces on the West Bank areas protecting illegal Israeli settlements and leaving Gaza region unprotected.

My prediction: However this war ends there will be a massive exodus of non-religious Israelis out of Israel and heading for America. With them will go high tech companies that keep Israel economy afloat. The massive amount of international investment from American Jews will also dry up. Those soldiers now being called up as reservists have no experience with war or fighting. If this Gaza incursion causes massive loss of soldiers lives, the exodus of young people out of Israel will be inevitable. And remember religious “Hassidic” young men are exempt from military service. This is unsustainable.

Meaning: The whole Israel “start-up” nation, miracle nation making the desert bloom etc the whole Israel experiment is in danger of economic collapse. It is not economically or militarily sustainable. It could only have been sustainable if Israel had peace treaties with Saudi’s, Egypt, Jordan, a quiet Lebanon, an uninvolved Iran and Turkey and a destroyed Syria. All these desired requirements are now being reversed....along with world sympathy of the world.

Increasingly Israel is seen as the “Apartheid state”. We here in South Africa understand and know what an “apartheid state” looks like. We also tried a “two state” solution (actually a 10 state solution) by isolating the black people into their own “independent homelands”. It never worked. So we went for peace and a “single state” solution....making all people black and white citizens of the same land. This is the only possible solution to the Israel situation, an Arab and Jewish citizen state...the 2 state solution has been made impossible by the Hassidic settlement communities taking over Palestinian lands...which means “ethnic cleansing” as the only solution to make a “single state” a reality....a single state for Jews alone. This is no longer acceptable or possible.

The Church especially in America is solidly behind an eschatological interpretation of a single state solution and therefore supporting a policy of ethnic cleansing the “promised Land” and supporting a “Greater Israel” geography from the Nile to the Euphrates. This is a disaster coming! And I see an “eschatological end times” disaster coming for the evangelical/Charismatic community coming. These churches have “bet the farm” on their Biblical interpretation...i.e. the Bible is true because of the amazing prophetic fulfillment of Israel’s return to the Promised Land. God will protect ‘His people” and Jerusalem. Just remember: God has already destroyed Jerusalem and Israel twice in history! (586 BC

and 70 AD) Why? Because they had lost the plot as to what the Lord was doing. They had become a distraction and a failure and no longer serving the Lord.

So can the Lord again for a third time repeat?

What if I am right that God is busy building a New Jerusalem and a New Israel made of all people from all nations who are to possess the earth which is our true promised land and the current Israel and Jerusalem have become distraction to the church keeping us from our true eschatological destiny?

Yes God is shaking the nations...let's see who is still standing when the killing and suffering ceases.