

DAILY BRIEFING

The Dispatch

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MAIN STORY: IRAN DEFIES THE US ULTIMATUM WITH A FRESH HORMUZ SHIP STRIKE

- Iran's IRGC struck the Cyprus-flagged container ship GFS Galaxy in the Strait of Hormuz, leaving one civilian crew member missing and the 304-meter vessel ablaze with significant engine-room damage. The crew abandoned it into a lifeboat nine nautical miles east of Oman. CENTCOM answered with a third strike wave in a week, hitting roughly 140 Iranian military targets Saturday and more than 300 across three nights. The targets included missile and drone launch and storage sites, naval capabilities, ammunition dumps, communication networks, and coastal-surveillance radars, with explosions at Bandar Abbas, Sirik, and Bushehr. Iran's health ministry put the toll from the July 8-9 strikes on six cities at 17 killed and 115 injured.
- Iran's IRGC Navy declared the Strait of Hormuz closed "until further notice" and until "the end of US interference in this region," barring all passage. The order followed a warning shot that halted a vessel Iran said ran an unauthorized route with its systems switched off. It warned any retaliation would draw a "severe response" and threatened to target "new enemy bases in the region." Tehran continues to insist ships obtain Iranian approval and pay transit fees, upending the strait's status as an international waterway. CENTCOM disputed the closure, saying commercial transits continue and that US forces have enabled the safe passage of more than 800 commercial vessels and 400 million barrels of crude since May.
- Trump reaffirmed the ceasefire is "over" while agreeing to continue talks at Tehran's request. He threatened to "completely decimate and destroy all areas of Iran," posting that "1000 Missiles are Locked and Loaded," with thousands more to follow should Iran act on threats to assassinate him. Defense Secretary Pete Hegseth said Iran "made a bad choice and is now paying the price." US officials attributed the renewed strikes to a rogue faction of Iranian hardliners trying to sabotage the agreement.
- Iran insisted it "kept its word" on the ceasefire. Araghchi accused Washington of violating Article 9 of the memorandum by revoking oil-sale waivers and imposing fresh sanctions, warning "there can only be mutual compliance." Chief negotiator Mohammad Bagher Ghalibaf struck a defiant tone, saying the confrontation "will never end with Iran's surrender" and that Tehran holds "absolutely no trust" in the United States. Tehran also rejected claims it had sought direct negotiations, saying it agreed only to receive an international mediator.
- Araghchi met Omani counterpart Badr al-Busaidi in Muscat at the head of a political and legal delegation to discuss "appropriate mechanisms for the safe passage of vessels" under Article 5 of the memorandum. Oman floated a two-lane framework: a southern lane in Omani waters

open with no permits as before the war, and a northern lane in Iranian waters that may require Tehran's prior approval, with no transit tolls. Iran did not reject the proposal but carried it back to its Supreme National Security Council for review. Qatari, Pakistani, and a possible US Fifth Fleet delegation cycled through Muscat. The Iranian aircraft departed after roughly 12 hours with no breakthrough, both sides agreeing only to continue technical and political talks.

STRATEGIC ASSESSMENT

The past week confirms the prior read that the memorandum bought a pause, not a settlement, with Washington and Tehran reading the same text to opposite ends over who controls Hormuz. Diplomacy and deterrence most likely proceed in parallel, since neither side signals appetite for full-scale regional war even as both escalate. Further US strikes become likely only if Iran hits shipping again, the red line Washington has drawn explicitly. Absent another vessel attack, the fighting probably subsides while the Muscat track runs, and the sharpest near-term test is the Supreme National Security Council's verdict on Oman's two-lane proposal: acceptance of the southern lane on pre-war terms would signal Tehran will trade the closure for face-saving control of its own waters, while rejection points to sustained maritime coercion. Watch whether Iran issues the public safe-passage pledge Washington demands or fires on another ship in the next cycle.

IRAN

- Mojtaba Khamenei pledged in a written message to avenge his father's killing, calling retribution a national and religious duty that "must certainly" be carried out. He said Iran had compiled a list of individuals to be targeted, and that the reckoning would proceed "whether we are present or not," independent of his own survival or that of other officials. Issued as the week-long funeral for Ali Khamenei, killed February 28, concluded with burial at the Imam Reza Shrine in Mashhad, it was his first message since the funeral.
- Mojtaba Khamenei stayed absent through his father's burial, communicating only by written statement, a reclusion analysts read as war injury and assassination fear but also as a shift of real authority toward the IRGC and possible infighting with parliament speaker Mohammad Bagher Ghalibaf.
- Iran is intensively rehabilitating the Talkan 2 nuclear site inside the Parchin military complex south-east of Tehran, satellite imagery shows. Imagery from early June captured damage assessment and debris clearance. Newer frames show work to permanently seal the three blast holes from earlier explosions and harden the site's protection, a commitment to repair and reactivate the facility. The Islamabad memorandum bound Iran to hold its nuclear program at the status quo, so the activity marks a deviation from the accord. Israel had struck Talkan 2 in March and in October 2024, targeting suspected nuclear-weapons work there.
- Caretaker Defense Minister Brigadier General Majid Ebn al-Reza said Iran tripled its drone production capacity during the war.
- Unknown assailants killed two Basij volunteers in Mashhad, the IRGC's Khorasan Razavi branch confirmed.
- Iran's UN envoy Amir Saeed Iravani said US strikes breached the Islamabad memorandum and give

Tehran a legal basis for reciprocal measures, with a deputy foreign minister citing a US document as confirming the UAE's role in the aggression.

ISRAEL

- Israeli forces raided al-Samdaniyah and Al-Asha villages in southwest Syria's Quneitra governorate overnight, more than 15 vehicles searching a house and a livestock-feed warehouse before setting up a temporary checkpoint and withdrawing.
- Israel is holding back from the US-Iran Gulf exchange. It signals readiness to join in full force if drawn in.
- Turkish Foreign Minister Hakan Fidan branded Netanyahu's government a burden for Israel, the region, and international security, ruling out open conflict and calling Erdogan a leader who would not be baited.

LEBANON

- A US military delegation met the Lebanese army command in Beirut on Saturday to set the mechanism for Israel's withdrawal from the first pilot zone in occupied south Lebanon, ahead of the sixth round of US-brokered talks in Rome on Tuesday and Wednesday. The first zone would launch within days, with further zones being mapped. The army would begin pulling out of pilot areas in parallel with the Rome session and, at Washington's request, had frozen all operations classified as "sensitive" in the south. President Joseph Aoun told a Lebanese Forces delegation led by Samir Geagea he "will not back down from the decision to negotiate," dismissing criticism of the direct track.
- Israeli forces struck the south days before the pilot-zone launch. Afternoon air raids on the Machah quarter of Mansouri in the Tyre district, north of the Yellow Line, wounded seven. An evening patrol crossed east of Beit Yahoun in Bint Jbeil under artillery cover, dynamiting and burning homes and olive groves. Two missiles hit the convent quarter of Nabatieh al-Fawqa, and successive demolition blasts shook Khiam. The strikes, which a day earlier killed a motorcyclist in Kfar Rumman near Nabatieh, raised the Health Ministry toll since March 2 to 4,322 killed and 12,210 wounded.
- Turkey pressed for a bigger role in Lebanon as President Recep Tayyip Erdogan hosted Prime Minister Nawaf Salam in Istanbul on Friday, agreeing to revive the free-trade track and pursue a strategic partnership meant to counter Israeli dominance and Iranian influence.
- Lebanon moved to revive the long-dormant Kleiat airport in Akkar, the northern facility Hezbollah had blocked from operating for decades.
- Germany and France will launch a joint initiative on Lebanon, to be unveiled at their July 17 cabinet council, aimed at filling the security vacuum as UNIFIL's mandate expires late this year.
- UNDP tension-monitoring bulletins for Lebanon logged continued displacement, mixed public reactions to the ceasefire and to circulating videos of Israeli withdrawal, and rising domestic friction over the postponed Baccalaureate exams amid persistent strikes.

SYRIA

- President Trump began formal procedures to remove Syria from the state-sponsors-of-terrorism list, notifying Congress of the intent. Secretary of State Marco Rubio called the step historic. President Ahmad al-Sharaa welcomed the move on the sidelines of the NATO summit in Ankara, saying the Syrian people appreciated Trump's earlier decision to lift US sanctions and crediting Turkey and the Gulf states for their support. Trump called Syria's transformation the fastest he has seen and credited the sanctions relief for it. Foreign Minister Asaad al-Shaibani signed a memorandum of understanding on diplomatic training with Qatari Minister of State Mohammed bin Abdulaziz al-Khulaifi in Damascus, calling Syria-Qatar ties a model partnership. Al-Shaibani's intensive shuttle diplomacy across Riyadh, Doha, Beirut, Washington, and Moscow is repositioning Damascus on the regional map as France restores ambassador exchanges and the French Senate forms a parliamentary mission to study Syria's future.

PALESTINE

- Gaza's Health Ministry raised the cumulative death toll from Israel's assault to 73,221, with 173,643 wounded since October 7, 2023. Hospitals received seven bodies over the past 48 hours, six killed by Israeli fire and one recovered from earlier strike zones, plus 28 wounded. Since the October 11 ceasefire took effect, deaths have reached 1,098 and injuries 3,535, alongside 800 bodies pulled from the rubble. The tally added 96 names after the martyr-certification committee finalized their records since June. Many victims remain trapped under buildings and in the streets, unreachable as ambulance and civil-defense crews are blocked by Israeli fire.
- Gaza's Health Ministry warned that 70 percent of its ambulance fleet is out of service from direct strikes and lack of spare parts, pushing the transport system toward total paralysis. UN humanitarian officials led by Ramiz Alakbarov toured the UAE field hospital to strengthen coordination on the enclave's medical needs.
- Post-war Gaza planning remains largely theoretical absent a political deal, security guarantees, and sustained funding, with a Board of Peace official conceding Hamas disarmament is no longer a precondition for advancing ground plans and that the effort proceeds "around worst case scenario."
- US Democratic congressman Ro Khanna said armed Israeli settlers wielding US-made M4 rifles surrounded his van and detained his delegation for roughly 90 minutes at the ruins of Khirbet Zanuta in the southern West Bank. Settlers had destroyed a village and school there. Khanna said the IDF sided with the settlers on arrival rather than the Americans, continuing the detention until police intervened. Separately, Israeli police arrested four settlers who blocked and attacked a news crew's vehicle with rods, stones, and a knife near Sinjil, smashing a windshield, as the crew covered the anniversary of Palestinian-American Saif Musallet, killed by settlers in July 2025.
- Israeli forces and settlers raided homes across the West Bank, wounding several Palestinians in Al-Mughayyir near Ramallah, including 10-year-old Raed Odeh Abu Alia struck in the head by a stun grenade. Three women, among them an off-duty IDF soldier, were extracted from the Palestinian Authority city of Jericho in two separate incidents.

- Israel's government moves Sunday to approve over NIS 1 billion, led by Finance Minister Bezalel Smotrich, for roads to and between West Bank settlements including four previously evacuated ones, a three-year plan Smotrich framed as a "settlement-security revolution."
- Palestinian rights groups and UN investigators warned that Kamal Adwan Hospital director Husam Abu Safiya faces imminent danger to his life after 18 months held without charge, appearing skeletal and injured in court following what they described as sustained torture and solitary confinement since December 2024.
- Nasser Esleem said an Israeli soldier put "a bullet between his eyes," killing his son Ahmad, an eight-year-permit-holder aid-truck driver vetted by the army, as he moved aid through Kerem Shalom, an account the IDF disputes as a suspect-arrest procedure under investigation.
- Israeli senior IDF officers held "strategic dialogue" talks with Egyptian military counterparts in Cairo on shared regional interests and advancing Gaza reconstruction, with Egypt signaling willingness to receive Hamas's surrendered weapons.
- Israel's prison service labeled jailed Fatah leader Marwan Barghouti its "most dangerous" prisoner over his drive to unite Fatah and Hamas under his leadership, as West Bank Palestinians flew kites over Burin in a defiance ritual against the settlements encircling the village.

KEY REGIONAL EVENTS

United Arab Emirates

- The UAE Defence Ministry engaged Iranian ballistic missiles and drones over scattered areas early Sunday. The emergency authority Ncema issued the country's first missile alert in months at about 6.30am, telling residents to shelter away from windows until an all-clear followed a short time later. Jets patrolled overhead. The barrage widened Iran's retaliation across the Gulf, striking the UAE, Bahrain and Qatar within hours of fresh US strikes on Iranian targets. It was the first fire on the UAE since Iran hit the Barakah nuclear plant on May 17, when a projectile struck an electrical substation.
- The US Commerce Department eased export controls on the UAE, upgrading Abu Dhabi into Country Group A:5 and removing it from groups D:3 and D:4 to allow license-free access to certain military items, commercial satellites and dual-use technology, citing its role in Operation Epic Fury against Iran.

Bahrain

- Bahrain's Interior Ministry sounded air-raid sirens across the kingdom, home to the US Fifth Fleet, and urged citizens and residents to head to the nearest safe place, hours after the US strikes on Iran.

Saudi Arabia

- King Salman issued royal decrees dismissing Industry Minister Bandar al-Khorayef and naming Prince Abdulaziz bin Salman, who retains the energy portfolio, as industry minister, alongside a wider reshuffle of senior justice, central-bank and Jeddah municipal posts.

Yemen

- UN envoy Hans Grundberg secured renewed commitments over 48 hours from the Yemeni government and Ansar Allah to fully implement the May 2026 agreement releasing more than 1,600 conflict-related detainees, pressing both to complete the outstanding technical preparations.
- The Houthis expanded their nationwide mobilization on Abdulmalik al-Houthi's call for readiness to "end the Saudi-led aggression and break the blockade," shifting from symbolic rallies toward organized military and tribal preparedness with Friday mass demonstrations across nearly every governorate under their control.

Iraq

- Hundreds of residents in Kut protested against power cuts as temperatures peaked at 44C, a day after clashes in which stone-throwing demonstrators drew tear gas, more than 30 detentions, and injuries to over 50 police.

KEY INTERNATIONAL EVENTS

- NATO, closing its two-day Ankara summit, issued a communique demanding Iran never obtain a nuclear weapon and calling on Tehran to fully respect freedom of navigation in the Strait of Hormuz.
- Egyptian Foreign Minister Badr Abdelatty and Turkey's Hakan Fidan pressed by phone for de-escalation and a return to US-Iran talks, while Pakistan's Shehbaz Sharif urged President Pezeshkian to preserve the recent "hard-earned" peace gains.
- European governments weighing navigational fees in the Strait of Hormuz now judge service payments permissible in waterways like the Malacca Strait and the Channel, as Oman offered to send legal experts to Tehran.
- Russian missiles, drones and guided bombs struck Ukraine on Saturday. The barrage killed six and wounded dozens. Ballistic strikes on Kyiv wounded 12 including two children as Kyiv's Patriot munitions run critically low.
- The United States demanded immediate OPCW inspections of Sudan's chemical weapons and imposed a second round of sanctions, having concluded the Sudanese Armed Forces used such weapons in 2024.
- EU foreign ministers will weigh an import ban on Israeli settlement goods in Brussels on Monday, after Germany's Johann Wadephul criticized West Bank settlement expansion but declined to back the tougher measure.

C O R E G R O U P

MARKETS

- The IEA said global oil demand is recovering from its May nadir, narrowing its projected 2026 decline to 1 million barrels a day from 1.1 million. Global supply rebounded 4.1 mbd to 98.8 mbd in

June as flows resumed through the Strait of Hormuz, though output held 9.4 mbd below pre-war levels. Total Gulf exports surged 6.5 mbd to 16.1 mbd, still far under the 24 mbd pre-war average. World reserves rose for the first time since the February 28 attacks. The agency cautioned that this week's renewed US-Iran fighting "clouds the outlook."

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