

## The 1956 Suez Canal analogy<sup>1</sup>

Operation “Epic Fury”<sup>2</sup> (& Israel’s “Roaring Lions”<sup>3</sup>) is now approaching its 4<sup>th</sup> week and while I’ve compared it to the Russian invasion of Ukraine and how it could evolve into a longer-lasting conflict ([here](#)), Ray Dalio came out comparing it to the Suez Canal Crisis in 1956 ([here](#)). This note seeks to go into more detail as to why and why not the Suez Canal Crisis of 1956 could be an appropriate analogy and what could lie ahead in the coming weeks.

### The Suez Crisis

For a detailed overview of what happened before, during and after the Suez Crisis in 1956, [this](#) video or [this](#) timeline provides a good summary. I’d summarise it as follows: On 26 July 1956, Egypt nationalized the Suez Canal Company, which was previously owned by the British (44%) and the French (56%<sup>4</sup> - the French built the Suez Canal with Egyptian & European labour between 1859 and 1869<sup>5</sup>). Initially, the United Nations tried to seek a solution, but after this effort failed, Israel attacked Egypt’s Sinai Peninsula on 29 October 1956, with Britain and France joining the war under “Operation Musketeer” on 5 November 1956<sup>6</sup>, which it turned out was secretly planned weeks in advance between Israel, France and Britain<sup>7</sup>. The GBPUSD 2.8 peg was under threat throughout 1956 requiring frequent intervention, but as dollar reserves were depleted, Britain needed help in shoring up its currency and requested an IMF loan<sup>8</sup>. Whilst the military campaign was successful in a day, a ceasefire was agreed a day later on 6 November 1956<sup>9</sup>, as the United States blocked the IMF to lend to the British<sup>10</sup>. The Egyptians then sank ships in the Suez

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<sup>1</sup> all assumptions and observations are based on internal modelling and data analysis

<sup>2</sup> <https://www.whitehouse.gov/articles/2026/03/operation-epic-fury-unmatched-power-unrelenting-force-of-americas-warriors/>

<sup>3</sup> <https://www.idf.il/en/mini-sites/operation-roaring-lion/>

<sup>4</sup> <https://ebha.org/ebha2007/pdf/Piquet.pdf>

<sup>5</sup> <https://www.britannica.com/topic/Suez-Canal>

<sup>6</sup> <https://history.state.gov/milestones/1953-1960/suez>

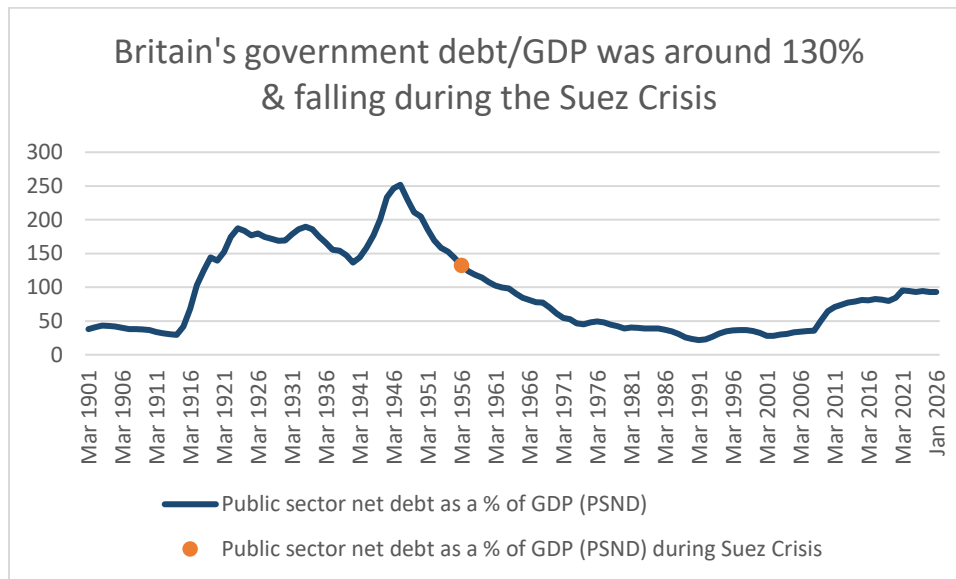
<sup>7</sup> <https://www.youtube.com/watch?v=LVqZ1ufLwk> minute 17:00

<sup>8</sup> <https://www.imf.org/external/pubs/ft/fandd/2001/09/boughton.htm>

<sup>9</sup> <https://history.state.gov/milestones/1953-1960/suez>

<sup>10</sup> <https://www.elibrary.imf.org/view/journals/024/2002/001/article-A001-en.xml>

Canal and therefore effectively closed it<sup>11</sup>, which lasted until 29 March 1957<sup>12</sup>. Importantly, Britain and France were seen as decaying world powers, whilst the United States and the Soviet Union were seen as the new World Powers<sup>13</sup>. The United States, despite being allied to Britain and having had strong domestic support for Israel, threatened Britain to sell British bonds and threatened Israel with economic sanctions if it would not withdraw from the Sinai<sup>14</sup>. The US did so, because of a power struggle with the Soviet Union in the region, which supported Egypt with weapons and could have swayed more Arab nations into their favour<sup>15</sup>. The Soviet Union, meanwhile, even threatened to “nuke” Britain, France and Israel<sup>16</sup>. The Suez Crisis led to fuel rationing in Britain from December 1956 to May 1957<sup>17</sup> and was viewed by some as the “final nail in the coffin” for the end of the British Empire<sup>18</sup>.



Source:

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/january2026>

<sup>11</sup> <https://www.youtube.com/watch?v=ILvqZ1ufLwk> minute 19:00

<sup>12</sup> <https://nasseryouthmovement.net/suez-canal-4918>

<sup>13</sup> <https://nationalinterest.org/blog/reboot/1956-suez-crisis-heralded-end-british-empire-177118>

<sup>14</sup> <https://nationalinterest.org/blog/reboot/1956-suez-crisis-heralded-end-british-empire-177118>

<sup>15</sup> <https://history.state.gov/milestones/1953-1960/suez>

<sup>16</sup> <https://nationalinterest.org/blog/reboot/1956-suez-crisis-heralded-end-british-empire-177118>

<sup>17</sup> <https://www.iwm.org.uk/history/cold-war/suez-crisis>

<sup>18</sup> <https://www.iwm.org.uk/history/second-world-war/the-end-of-the-british-empire-after-the-second-world-war>

## The “final nail in the coffin” for the US Empire?

There are many similarities between the Suez Crisis and the Iran War, such as Iran seeking to “kick the US out of the Middle East”<sup>19</sup>, the negotiations leading up to the conflict<sup>20</sup>, the alliance with Israel<sup>21</sup>, likely secret arrangements with Israel (attack on South Pars was approved by the US<sup>22</sup> – or not<sup>23</sup>?), rapid military successes<sup>24</sup>, even the US government debt to GDP is at similarly elevated levels (above 120%)<sup>25</sup>, and the Iranian response by closing the Strait of Hormuz<sup>26</sup> and charging fees for its use<sup>27</sup>. However, there are certain significant differences. For once, Iran attacked all its neighbours, which led them to be supportive of the US/Israeli mission<sup>28</sup>. Secondly, the US dollar has strengthened since the eruption of the conflict<sup>29</sup>. Thirdly, the US is one of the least impacted nations by the closure of the Strait of Hormuz due to energy independence<sup>30</sup>. And lastly, but perhaps most importantly, there hasn’t been a global backlash against the US – the backlash that was there was undermined by Iranian actions against all its neighbours<sup>31</sup>. China (& Russia), which some people might want to compare to the emerging superpower like the US was back in 1956, therefore cannot rally other nations against the US/Israel led Iran war. That’s why I do not believe that this can be compared to the Suez Crisis in 1956. However, we are still early in the conflict...

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<sup>19</sup> <https://carnegieendowment.org/middle-east/diwan/2026/03/tehrans-easy-targets>

<sup>20</sup> [https://en.wikipedia.org/wiki/2025%E2%80%932026\\_Iran%E2%80%93United\\_States\\_negotiations](https://en.wikipedia.org/wiki/2025%E2%80%932026_Iran%E2%80%93United_States_negotiations)

<sup>21</sup> <https://www.idf.il/en/mini-sites/operation-roaring-lion/>

<sup>22</sup> <https://www.nytimes.com/2026/03/19/world/middleeast/israel-iran-south-pars-gas-field-trump.html>

<sup>23</sup> <https://www.youtube.com/watch?v=f-uJJUjZQOg>

<sup>24</sup> <https://www.whitehouse.gov/articles/2026/03/americans-agree-that-operation-epic-fury-is-an-overwhelming-success/>

<sup>25</sup> <https://tradingeconomics.com/united-states/government-debt-to-gdp>

<sup>26</sup> <https://www.brookings.edu/articles/why-irans-disruption-of-the-strait-of-hormuz-matters/>

<sup>27</sup> <https://www.iranintl.com/en/202603229177>

<sup>28</sup> [www.geo.tv/latest/653686-which-muslim-countries-are-supporting-operation-epic-fury-against-iran](http://www.geo.tv/latest/653686-which-muslim-countries-are-supporting-operation-epic-fury-against-iran)

<sup>29</sup> <https://www.marketwatch.com/investing/index/dxy> 1 month view

<sup>30</sup> <https://www.eia.gov/energyexplained/us-energy-facts/imports-and-exports.php>

<sup>31</sup> <https://www.bbc.com/news/articles/c5yj9kr31y7o>

The Strait of Hormuz surrounds Iran, Oman (& the UAE), yet Iran asks to charge fees alone for the usage



Source: <https://www.supplychainbrain.com/articles/43487-iran-temporarily-closes-strait-of-hormuz>

### Why China today is not what the US was in 1956

The US, together with the Soviet Union, emerged as the world's new superpowers after the 2<sup>nd</sup> World War, largely due to their military (as well as economic) success<sup>32</sup>. China's military successes, on the other hand, are lagging way behind that of the US after the failure of Chinese equipment in Venezuela, Iran, Pakistan and other recent combat arenas<sup>33</sup>. However, China supplies around 80% of the world's drone components<sup>34</sup>, which has become one of the most cost-effective ways to fight a war<sup>35</sup>. Moreover, after the US (22%), China contributes the most to the United Nations (20%)<sup>36</sup>, which a recent investigation claims to be part of China's financial leverage to influence the United Nations in their favour<sup>37</sup>. For

<sup>32</sup> <https://polsci.institute/international-relations-world-history/emergence-super-powers-post-wwii>

<sup>33</sup> <https://bharatshakti.in/from-stealth-killers-to-silent-screens-how-chinese-military-systems-failed-the-ultimate-battlefield-test/>, <https://timesofindia.indiatimes.com/defence/international/pakistan-venezuela-now-iran-why-chinese-made-weapons-keep-failing/articleshow/128915571.cms>

<sup>34</sup> <https://www.middleeasteye.net/news/china-has-sent-attack-drones-iran-it-discusses-ballistic-missile-sales>

<sup>35</sup> <https://www.reuters.com/graphics/IRAN-CRISIS/DRONES/dwpkyamxqpm/>

<sup>36</sup> <https://www.foxnews.com/politics/china-using-un-troops-funding-expand-global-influence-house-report-warns>, <https://worldpopulationreview.com/country-rankings/un-funding-by-country> assessed contribution

<sup>37</sup> <https://www.foxnews.com/politics/china-using-un-troops-funding-expand-global-influence-house-report-warns>

example, the voting on the “situation of human rights in the Islamic Republic of Iran” on 18<sup>th</sup> December 2025 (basically condemning human rights in Iran) resulted in 78 “yes” votes in favour of the resolution, 27 “no” votes and 64 “abstentions”<sup>38</sup>. Although a lot of the abstentions were from gulf countries, which might now view it differently, the sum of “no” and “abstention” votes exceeds the “yes” votes, in a clear signal that the support for US policies and ideology is declining.

### TACO and how Iran could win this war

“Trump always chickens out” (TACO) has already come in various shapes or forms. The clearest TACO yet came just after market close this Friday<sup>39</sup>. However, the demands of the US compared to the demands of Iran are very far apart:

US demands<sup>40</sup>:

1. No missile programme for 5 years
2. Zero uranium enrichment
3. Nuclear sites dismantled
4. Outside monitoring of centrifuges
5. Missiles capped at 1,000
6. No proxy fundings

Iran demands<sup>41</sup>:

1. Ironclad guarantees that the war never happens again
2. Every single US military base in the Middle East shut down
3. Full compensation/reparations paid by the US and Israel for all damage
4. Complete end to all wars across the region, including against pro-Iran groups
5. A brand-new legal regime giving Iran control over the Strait of Hormuz
6. “Hostile media” figures to be handed over to Iran

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<sup>38</sup> <https://digitallibrary.un.org/record/4096568?ln=en>

<sup>39</sup> <https://x.com/TrumpDailyPosts/status/2035108657814524083>

<sup>40</sup> [https://x.com/RT\\_com/status/2035429961738150034](https://x.com/RT_com/status/2035429961738150034),  
<https://x.com/KobeissiLetter/status/2035450101318222142>, <https://www.axios.com/2026/03/21/trump-peace-deal-iran-kushner-witkoff>

<sup>41</sup> <https://x.com/MarioNawfal/status/2035494160892035234>

Most importantly, Iran won't stop attacks, unless the US and Israel stop their assaults<sup>42</sup> – and so far, the US and Israel have not been able to achieve their two main objectives: To eliminate the nuclear threat & to destroy Iran's ballistic missile programme. Iran was estimated to possess over 3,000 ballistic missiles in 2022, and 1,500 ballistic missiles by the end of 2025 according to Israeli officials<sup>43</sup>. This compares to 1,181 ballistic missiles shot in the first 21 days of the war<sup>44</sup>. Iran's drone production capacity is said to be 10,000 per month<sup>45</sup>. So far 3,008 drones have been shot at targets in the Gulf by Iran<sup>46</sup>. The ratio of more than 2 drones shot for every ballistic missile could also mean that the ballistic missile inventory far exceeds the 1,500 estimated by Israeli officials in 2025. The Houthis have been able to shut down the Bab al-Mandab Strait with major container shipping firm Maersk still diverting ships<sup>47</sup> despite more than 7 months without any incident in the Red Sea<sup>48</sup>. For these reasons, I believe the US can't do a "TACO", because it would mean the end of the US empire, i.e. abandoning the Middle East, which could come with oil and gas being traded in Chinese Yuan. At the same time, when you look at how Israel was unable to eliminate Hamas or Hezbollah, it shows that the analogy of the Suez Crisis in 1956 despite all its differences is an important historic event. Europe needs to be fully aware of this risk and should, in my opinion, be fully supportive of the US, especially militarily, as should all the other Gulf nations. This is the 3<sup>rd</sup> World War, which can only be stopped by a devastating loss to Iran and unity amongst US allies, in my view.

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<sup>42</sup> <https://x.com/MrUsamaKhokhar/status/2033542355979239611>

<sup>43</sup> <https://www.iranwatch.org/our-publications/weapon-program-background-report/table-irans-missile-arsenal>

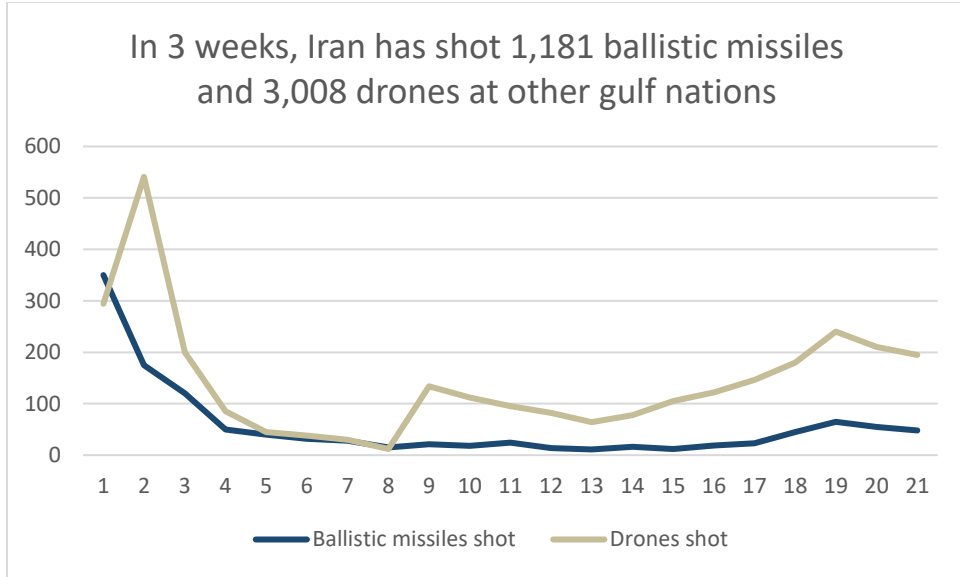
<sup>44</sup> <https://x.com/avidseries/status/2035446340012888475>

<sup>45</sup> <https://www.reuters.com/business/aerospace-defense/iran-could-disrupt-strait-hormuz-with-drones-months-2026-03-04/>

<sup>46</sup> <https://x.com/avidseries/status/2035446340012888475>

<sup>47</sup> <https://gcaptain.com/red-sea-comeback-falters-as-maersk-diverts-ships-back-around-cape/>

<sup>48</sup> <https://www.nbcnews.com/world/middle-east/israel-yemen-houthis-airstrikes-red-sea-missile-shipping-rcna217172>



Source: <https://x.com/avidseries/status/2035446340012888475>



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