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The Price of Escalation: Accounting for the Military Costs of the 2025 Israel Iran Conflict

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A new phase, a new bill

The current open conflict between Israel and Iran began on June 13, 2025, when Israeli airstrikes targeted Iran's Islamic Revolutionary Guard Corps (IRGC) command facilities and missile sites in Isfahan, marking the most direct and large-scale Israeli military operation inside Iranian territory to date.

When Iran's IRGC fired more than 400 ballistic and cruise missiles toward Israel on 17 June 2025, and the Israel Defense Forces (IDF) answered with waves of F35I and F15I strikes inside Iran, the Middle East's longrunning shadow war burst into the open. What stands out about this round is the transparency of its ledger. Both sides now acknowledge that the battle's duration may hinge less on battlefield outcomes than on who can afford to keep shooting.

Israel's skyshield: effective, but eyewateringly expensive

Israel's multilayered missile defense network—Iron Dome, David's Sling, and Arrow 3, has intercepted well over 90 percent of Iranian projectiles this month. Each layer, however, carries a different price tag: Tamir interceptors cost roughly USD 40,000–50,000; Stunner missiles for David's Sling about USD 1 million; and a single Arrow 3 tops USD 33.5 million.

A night of defense that rivals a month of war

Because ballistic missiles dominated Iran's salvos, Israel relied heavily on its Arrow batteries. Former IDF Finance Chief Brig. Gen. Ram Aminach calculates that fending off one intense, six-hour wave on 14 April 2024 burned through 4–5 billion shekels (USD 1.1–1.35 billion). That ratio persists: Washington Post estimates put recent interceptor outlays at USD 285 million per night, money that vanishes in minutes once the launch command is given.

Offensive firepower: costly flight hours, cheaper munitions

Israel's counterstrikes are not bargain-basement affairs either. An F35I Adir consumes about USD 44,000 per flight hour, and the June raids involved more than 200 aircraft ranging deep into Iranian airspace. Yet precision-guided JDAM or SPICE bombs dropped from those jets cost between USD 25,000 and



USD 100,000, an order of magnitude cheaper than the Arrow interceptors they help avoid. The calculus is simple: It is fiscally smarter to destroy a launch site on the ground than to swat every missile in the air.

Iran's missile math: quantity over quality, but still pricey

Iranian planners like to stress that their drones and short-range rockets are “asymmetric” bargains. A Shahed136 loitering munition may cost as little as USD 20,000–80,000, and short-range Fateh110 missiles can run USD 110,000–2.1 million. But medium and long-range missiles capable of reaching Israel—Ghadr110, Sejil2, Khorramshahr, sit in the USD 5–8 million bracket. Analysts who broke down Iran's 13 April 2024 mass strike estimate Tehran spent USD 80100 million on munitions that night, while Israel and its partners spent about USD 1 billion to stop them.



Stockpiles under strain

Iran began the June war with an estimated 2,000 mediumrange missiles; Israeli airstrikes have destroyed roughly onethird of the launchers and forced Tehran to dip into deeper, hardertoreplace reserves. Daily launch counts have already dropped, suggesting either strategic restraint or depletion. Israel, meanwhile, can manufacture Tamirs quickly but depends on U.S. coproduction lines for Arrow 3 reloads, raising the prospect of a U.S. resupply vote in Congress before the summer recess.

The hidden cost of manpower

Hardware is only half the bill. Mobilizing 300,000plus reservists in 2024 cost Israel's treasury about NIS 70 million (USD 18 million) per day in salaries alone, with broader economic losses estimated at NIS 100 million per 100,000 reservists. The Ministry of Finance warns that prolonged mobilization could slice 0.6 percent off annual GDP.

Iran's macropressure points

Tehran's military budget, roughly USD 7 billion in 2024, less than a third of Israel's, must also fund subsidies, Revolutionary Guard business interests, and regional proxies. Even if its missiles are cheaper by Western standards, each launch tightens the squeeze on an economy already coping with inflation above 40 percent and a currency hovering at historic lows. Iranian economists note that every USD 400,000 Fateh110 equals the monthly wages of about 2,500 Iranian teachers.

Technology bets: spending now to save later

Both states are betting on gamechanging tech to bend the cost curve. Israel's prototype Iron Beam laser promises interceptions for "a few dollars' worth of electricity," though full batteries still cost hundreds of millions to field. Iran is accelerating hardening and maneuverability upgrades to its missile fleet so that cheaper interceptors cannot keep pace. Each side's R&D tab may not make headlines today, but it will shape whether the next war is financially survivable.

Can either side afford a long war?

In pure dollar terms, Israel is outspending Iran severaltoone. But defense economics hinges on marginal rather than absolute costs. If Tel Aviv must keep paying USD 3 million to kill every USD 400,000 missile, budget deficits—and political patience—will widen rapidly. Conversely, if Iran exhausts its strategic missile stockpile, the cost of punching through Israeli air defenses will spike. Barring a decisive battlefield breakthrough, the side that first struggles to finance the next salvo is the one most likely to accept a ceasefire. In 2025, military strategy and national solvency have become inseparable.



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