

# Strategic Thinking

## Interactions among the Major Powers



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in the Middle East

Russia-Ukraine Conflict

De-dollarization and the Point of No Return

# Words from the editor...



Wish the readers a fruitful Autumn season!

This ISSUE has mainly explored the interactions among various powers, against the dynamics of the political, economic, and security contexts in Europe and the Middle East in particular, as well as their possible implications to the world from a structural perspective.

A range of crucial events happening in the past three months including the Putin-Trump Alaska summit, the SCO summit held in China, as well as Israel's strike inside Qatar have been highlighted in this ISSUE.

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# 1. POLITICS AND DIPLOMACY



Russian President Vladimir Putin (Right), U.S. President Donald Trump (Centre), and Ukrainian President Vladimir Zelensky (Left).  
(photos by Alessandro Bremec/NurPhoto via Getty Images; Contributor/Getty Images; Scott Olson/Getty Images; Foxnews)

## How Likely the Parties Concerned on the Ukraine Issue Could Manage to **Agree on A Settlement Deal?**

### Highlights

Properly addressing the security and territorial issues between Russia and Ukraine would not only be the most critical part in leading to a final resolution to the Ukraine crisis, but also would greatly contribute to the process of building a sustainably secure European security framework.

By Jin Ran

Over the past few months, a lot of discussions concerning the ongoing Russia-Ukraine war have been focusing on the terms for settling the crisis. Agreeing on the terms related to security and territories would be the key toward bringing the Ukraine crisis to an end at an earlier date.



Data as of 12 August 2025

Source: The Institute for the Study of War with AEI's Critical Threats Project

Graphic: Rachel Wilson, CNN. Cited from CNN.

Ukraine and its backers prefer to reach a ceasefire with Russia in the first place before negotiating any settlement framework, while the Russian side indicated that an unconditional ceasefire at the moment is unacceptable for it.

In order to get Russia to agree to a ceasefire, in late July, the U.S. government claimed to impose new sanctions on Russia as well as secondary sanctions on countries importing Russian oil, if, within 50 days, Russia and Ukraine fail to make any progress toward reaching a peace deal.

Shortly, the Trump government cut the 50-day period to a 10-day duration, as the U.S. President believed that he already knew the answer, so that there was no need to wait that long anymore.

Then, before the expiring date of the 10-day limit, the U.S. special envoy Steve Witkoff conducted a trip to Moscow in early August to have further consultation with the Russian side on finding a solution to end the Ukraine conflict. The meeting between Russian President Vladimir Putin and Steve Witkoff lasted about three hours, and no much detail regarding the meeting was revealed, yet both the U.S. and Russian officials spoke positively of the outcome of the meeting.



Russia's President Vladimir Putin and U.S. Special Envoy Steve Witkoff arrive for their talks in Moscow on 25 April. (Kristina Kormilitsyna/Pool/Sputnik/Getty Images/CNN)

Shortly following Witkoff's trip to Moscow, the U.S. and Russia announced that a summit between the leaders of the two countries will be arranged within a week; and it was finally set to take place on 15 August in Alaska.

According to the media release, the U.S. President before the summit day already stated that territorial issues related to Russia and Ukraine would be out of the discussions during the summit. Meanwhile, some European leaders, ahead of the Trump-Putin summit, issued a joint statement, declaring that they welcome the efforts made by the U.S. President Trump toward ending the Ukraine conflict, and they would also continue their support to Ukraine.



U.S. President Donald Trump (R) talks with Russian President Vladimir Putin upon Russian President's arrival at the Joint Base Elmendorf-Richardson for a summit between these two, on 15 August 2025, in Anchorage, Alaska. (Andrew Harnik/Getty Images/Foxnews)

The nearly 3-hour Trump-Putin summit on Friday had mainly focused on finding a solution for the Ukraine conflict. No agreement was reached, yet both the Russian and U.S. sides acknowledged the necessity of holding this summit, with the Russian President viewing that it was “constructive” and “useful”, while the U.S. President saying that it was a “warm meeting” and that it is close further toward resolving the Ukraine crisis.

### **Understanding the Positions Held by the Parties Concerned on Addressing the Ukraine Issue**

Meeting the security concerns of Russia and Ukraine and properly addressing the territorial

claims made by them would be the key in leading to a final resolution of the Ukraine crisis at an earlier date. So far, on these two issues, the positions held by the two countries haven't changed that much.

Ukraine wants a robust security guarantee. In relation to territorial issues, on 13 August, ahead of the Alaska summit, following a visual meeting between the U.S. President and some European leaders, the European leaders together with the Ukrainian President put forward some key points, one of which is that Ukraine would agree to negotiate on territorial issues by taking the current contact line of the Russian and Ukrainian forces as a starting point. Nonetheless, legally recognizing Russia's claims on the new regions is "not up for debate".

Meanwhile, Russia insists that any peace deal must have to address the root causes of the Ukraine crisis, and that Ukraine needs to acknowledge the territorial realities on the ground. More recently, the Russian side proposed that if Ukraine withdraws its forces from the Donetsk region, Russia would agree to a full ceasefire and to freeze the contact line of the Russian and Ukrainian forces in the Zaporizhzhia and Kherson regions, alongside the negotiation process. The Ukrainian side has rejected this idea.

Besides the above, another critical concern for the Russian side is that, even though Russia and Ukraine have been carrying on negotiations, the Ukrainian side still hasn't taken steps to lift its self-imposed ban on negotiations with Russia. This can be one of the important reasons that Russia has been questing the legitimacy of any official settlement documents to be signed by the Ukrainian authority as well as the Ukrainian government's commitment and capacity in implementing the documents.

For the major European powers, though they would still show their strong support to Ukraine, their positions on the management of the Ukraine conflict appear to have already adjusted a bit, from encouraging Ukraine to keep fighting on the battlefields to pushing for a ceasefire and seeking a diplomatic solution to end the Ukraine conflict.

Given that Russia has an upper hand on the front lines, the major European powers may have realized that the chances for Ukraine to turn the tide on the battlefields have been dramatically reduced over the past few years, so that continuing to expect and encourage Ukraine to use force to gain a ground on the battlefields wouldn't actually meet the interests of Ukraine and Europe. Besides that, alongside the Ukraine war, the European countries have suffered huge economic losses as well as great political and social costs. This could be part of the reasons as well in motivating the European leaders to seek diplomatic solutions for the Ukraine conflict alongside other measures. In addition, very crucially, the policy shift of the Trump government in dealing with the Ukraine crisis could have had an impact on the positions held by the major European powers on managing the Ukraine issue.

There is no doubt that the U.S. government can exert a big leverage on Europe from the economic and security dimensions.



U.S. President Donald Trump arrives for a media conference at the end of the NATO summit in the Hague, Netherlands, on 25 June 2025. (Alex Brandon/AP Photo)

From the security perspective, as far as the U.S. remains as a member of the NATO alliance, Europe and the U.S. cannot be separated in security. The U.S. government has pressed the European NATO members to further raise their defence budgets up to 5% of GDP, compared to the previously required level of 2%. The 5% of GDP target is high and the European members may not actually be able to meet this goal in a short term, but some have already been prepared to share more burden in defence. For instance, last month, the U.S. and Europe agreed that further military aid provided to Ukraine will be paid by European NATO allies.

On economic and trade issues, given that Europe heavily rely on the U.S. in defence and security, European countries may likely make concessions to the U.S. in economic cooperation under certain circumstances. Conceding to the U.S. pressure by the EU most recently in trade can be one of the examples to reflect the U.S. leverage in economic cooperation with Europe, as some observers already indicated.

The current U.S. government is committed to bringing the Ukraine war to an end ( so far it has been attempting to try various means including pressure on both Russia and Ukraine),

because the U.S. politicians realized that economically, strategically, and morally, prolonging this war wouldn't serve the interests of the U.S., Europe, Russia, and Ukraine. Spending money on an unwinnable war, which has already caused mass casualties and would lead to more casualties as far as the warfare keeps going, doesn't carry a good meaning from a moral ground. Strategically, if the war goes deeper and the U.S. is being dragged into a direct conflict with Russia, that scenario will not be a strategic gain for the U.S. and Europe, instead, it will mean a mutual strategic loss for the U.S., Russia, and the whole Europe. Economically, even though the Trump government has managed to shift some burden in aiding Ukraine's warfare onto Europe such as requiring the European NATO allies to buy weapons for Ukraine, there is also a need to be aware that the U.S. is still the largest contributor to the NATO defence budget, which is larger than all other NATO members' commitments to NATO combined. So, the U.S. just cannot stay away from aiding Ukraine's war with Russia, as long as the war doesn't stop.

It is assumed that the U.S. has a clear understanding and calculation on the repercussions of the Ukraine war from a variety of aspects. That's why since early this year the U.S. government has adjusted the country's policies and measures in dealing with the Ukraine crisis and been very committed to finding a resolution to end rather than prolong this conflict.

Generally, against the above context, in the coming steps, the U.S. and European countries would likely weigh more efforts in using diplomacy to seek a breakthrough toward the settlement of the Ukraine conflict, alongside other measures taken.

### **Security Concerns of the Warring Parties and the European Security Framework**

As already mentioned, addressing the security and territorial issues would be the key in order to get the warring parties to agree to a settlement deal.

On the security issue, Russia's position has been consistent and firm - the final settlement needs to address the root causes of the Ukraine conflict, which mostly has a relevance to NATO expansion. So, offering NATO membership to Ukraine would remain as a red line for Russia. Besides that, as part of a peace agreement, forces from NATO members cannot be sent to Ukraine. On the territorial issues, Russia wants Ukraine to recognize Russia's sovereign claims over the former Ukrainian territories having rejoined Russia.

For Ukraine, on security, it previously demanded a clear path in leading Ukraine to become a NATO member (though Ukraine has downplayed this matter since the Trump government assumed office). In recent months, as part of the settlement deal, Ukraine has asked for a strong security guarantee such as a Western coalition force being sent to Ukraine (the Trump government has already denied any chance of sending U.S. troops to Ukraine). On the

territorial issues, Ukraine refuses to legally recognize Russia's sovereignty over the former Ukrainian territories, though Ukraine has agreed to discuss this matter with Russia.

Back in mid-April, the U.S. worked out a settlement proposal including rejecting Ukraine's pursuit of NATO membership, legally recognizing Crimea as part of Russia, and lifting the sanctions imposed on Russia since 2014, unofficially accepting Russia's control over the territories having rejoined Russia since 2022 alongside the current contact line. By then, major European countries had different ideas on the U.S.-made proposal including not putting a limit on the size of Ukraine's military as well as setting conditions on sanctions relief for Russia and so on.

So, afterward, it appears that no much progress has been made in consultations between the U.S. and major European powers and Ukraine on the peace proposal.

Most recently, right before the Putin-Trump Alaska summit, the U.S. President floated the idea of swapping territories between Russia and Ukraine. It is not sure how likely it could work for both Russia and Ukraine.

Generally, it can be seen that due to the different positions held by the main parties on security and territorial recognition, there is a stalemate in the negotiations toward reaching an acceptable deal.

For addressing the Ukraine crisis and achieving and sustaining peace in Europe from a long-term perspective, instead of linking Ukraine with the NATO membership, Ukraine's backers will need to consider other possible means to provide Ukraine with security guarantee.

In the scholarly field, there are observers suggesting that, as part of the peace agreement, a UN peacekeeping and monitoring force from the neutral Global South countries could fulfill the mission of patrolling and adjudicating the ceasefire line between Russia and Ukraine.

Apart from that, due to that Ukraine demands a stronger security guarantee, so in parallel with the UN peacekeeping and monitoring force, other options in the meantime could be taken into account as well.

Across the media outlets, there have been a lot of discussions on the means of security guarantees since the Trump-Putin Alaska summit. Some European officials have been talking about sending "a coalition of the willing" force established by the West to Ukraine, though Russia has denied the possibility of allowing for such an arrangement to happen since the very beginning. Besides that, an idea of providing Ukraine with a "NATO Article 5-Style" security guarantee has been floating around. In addition, French President Emmanuel Macron has raised the idea of helping Ukraine build a stronger army with no limits set in the

“numbers, capabilities, weapons” of the Ukrainian military, and in the meantime of offering reassurance support to Ukraine in the air, at sea, and on land by a Western coalition force.



British Prime Minister Keir Starmer and French President Emmanuel Macron talk during the White House meeting on Monday 18 August 2025. (Win McNamee/Getty Images/CNN)

It is not sure how likely and to what degree Russia would agree to these arrangements just listed, as from Russia’s perspective, some of these arrangements appear to be preparing for a new offensive war rather than serving a purpose of security guarantee.

The purpose of security guarantee is set to prevent any new aggressive actions from being launched by either Russia, or Ukraine, or any other European powers in the future. It is a mutual security guarantee to all the parties concerned, rather than guaranteeing one’s security while ignoring the other’s or the others’.

Given that the U.S. still takes the lead in the NATO alliance and that the country has troops stationed and military bases set in Europe, these facts imply that the U.S. still has an interest in maintaining its influence in Europe as long as it can. So, on the issue of security arrangement related to Ukraine and Europe, Russia and the U.S. should take the lead in jointly arranging a new security framework (regardless of to what degree the U.S. will be ready to contribute in material terms for the implementation of such a new arrangement). The new security framework may be separated from other bilateral security arrangements between the U.S. and Russia.

Apparently, it should be the time to re-set the European security architecture.

Back in the late 1980s and early 1990s, with the Cold War approaching to an end, the U.S. and the Soviet Union had agreed to a series of arrangements including Western officials' assurances to then Soviet leader Mikhail Gorbachev that NATO would not exploit the disintegration of the Soviet Union to seek eastward expansion, in order to get the Soviet Union's support to the unification of West Germany and East Germany as well as to keep a united German in NATO.



Mikhail Gorbachev discussing German unification with Hans-Dietrich Genscher and Helmut Kohl in Russia on 15 July 1990.

(Photo: Bundesbildstelle/Presseund Informationsamt der Bundesregierung/National Security Archive)

Besides that, regarding the status of Ukraine, with Ukraine declaring its independence, this legal document - "Declaration of State Sovereignty of Ukraine" - passed by the Verkhovna Rada of the Ukrainian Soviet Socialist Republic (SSR), on 16 July 1990, proclaimed that "the Ukrainian SSR solemnly declares its intention of becoming a permanently neutral state that does not participate in military blocs and adheres to three nuclear free principles: to accept, to produce and to purchase no nuclear weapons."

Further more, in December 1994, with the signing of the Budapest Memorandum by the U.S., Russia, UK, and Ukraine, these three major powers reaffirmed their recognition of Ukraine's

sovereignty, independence, and existing borders, as well as of the status of Ukraine as a nuclear-free state.

Nonetheless, the expansion of NATO since the late 1990s and Ukraine's seeking of NATO membership since 2008 have broken down the European security framework initially agreed by the U.S. and the former Soviet Union.

The gradual loss of balance in the European security architecture driven by the subsequent breaking of the security arrangements culminated in the Ukraine crisis started since 2014.

Against this backdrop, in order to avoid the same story happening again, and for re-setting the European security framework, Ukraine's renouncement of seeking the membership of NATO and of other military blocs will need to be once again clearly stated and defined in order to enable Ukraine to continue to receive military and other kinds of support from Ukraine's backers.

In addition, as part of the security guarantee arrangement, one analyst raised the idea that, after the war is ended, Ukraine's allies can continue to provide Ukraine with military aid and intelligence support, but these weapons purchased by European countries from the United States, instead of being directly delivered to Ukraine, will be stockpiled in other European countries. The Ukrainian forces can receive regular training in these host European countries on how to use these military weapons and equipment from time to time. The weapons stockpiled in Europe and the training offered to Ukrainian servicemen are set to ensure that the Ukrainian forces can quickly respond to any emergencies; and if an emergency does occur to Ukraine, they can be timely transferred to Ukraine.

## **Settlement of Territorial Issues**

With regard to the issue of territorial recognition, Russia and Ukraine have been holding different positions on the status of the former Ukrainian territories, but more recently, as already mentioned in the previous part of this piece, the Ukrainian President has agreed to negotiate this matter by taking the current contact line as a starting point. In the meantime, the Ukrainian side also claimed that legally recognizing these regions as part of Russia would be unacceptable for Ukraine.

It is assumed that one of the critical concerns for Russia, in relation to the status of the regions having rejoined Russia since 2022, is that this matter is not just about these territories in physical and geographic terms, it is also related to the future status of the people residing in these territories, once a final settlement between Russia and Ukraine is reached.

Back in the early 1990s, as a result of the disintegration of the Soviet Union, some families

and relatives suddenly in one day were separated and became foreigners to each other. By then, it could be a disappointing moment for a lot of families. So, Russia may not want to see the same to happen on the people residing in these four regions any more.

Suppose that if a final settlement is reached, and by abiding to the agreement, the Russian and Ukrainian forces would be separated along the current contact line. Then in order to protect the status and rights of the people residing in these four regions and to keep them in one country, Russia may have to try to help them relocate. If that would be the case, a large portion of the people may need to be relocated.

So, it is assumed that avoiding the uncertainties and repercussions to be possibly driven by dividing these regions and relocating a large portion of residents could also be one of the reasons that Russia at the moment doesn't agree to an unconditional ceasefire and in the meantime demands Ukraine to give up the territories of the entire four regions.



Data as of 12 August 2025

Source: The Institute for the Study of War with AEI's Critical Threats Project.

Graphic: Rachel Wilson, CNN. Cited from CNN.

More likely, Russia will aim to take full control of the four regions, as under that circumstance, there will be no issue related to relocating residents anymore.

Another issue related to territorial recognition is that whether or not, in the final peace agreement, Russia would want it to reflect Ukraine's legal recognition of Russia's rights over and actual control of the regions having rejoined Russia. If not, it might be relatively easier for Russia and Ukraine to jointly address the territorial issues.

After all, the security issue and territorial recognition can be the most challenging part in the whole process of addressing the ongoing Ukraine crisis. Should the parties concerned be able to reach a consensus on managing and resolving these two issues, they would have been really getting close to bring this crisis to an end.

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※ The views expressed in this piece are those of the author, and they do not necessarily represent those of the *Strategic Thinking* magazine and its associates.

## 2. BUSINESS AND TRADE

## Interactions among the Leaders during the SCO Summit held in China on 1 September 2025



Russian President Vladimir Putin and Chinese President Xi Jinping, in Tianjin, China, on 1 September 2025.  
(Phtoto by Alexander Kazakov/Sputnik/Pool/REUTERS)



Russian President Vladimir Putin and Indian Prime Minister Narendra Modi travel together to the venue for the bilateral meeting between these two on the sidelines of the SCO summit held in China. (Photo by Indian Prime Minister Narendra Modi through his X account)

## Interactions among the Major Powers: Prospects and Impacts

### Key Points

- There has been an improvement in the Russia-India-China trilateral ties against what have been happening in various fields on the international stage in recent months.
- Alongside the Ukraine crisis, Europe has been weakened in various ways, while the U.S. leverage over Europe through the same period has been growing.
- From a structural perspective, the U.S. global influence will remain, meanwhile there will also likely be a growing significance of other major powers and of the middle powers from across the globe in shaping the new contexts of the global system.

By Jin Ran

### Recent Developments of the Relations and Cooperation among the Major Powers

In recent months, there has been a rising in the China-Russia-India trilateral ties. This trend is in parallel with a series of policy measures taken and implemented by the U.S. government including the U.S. trade and tariff measures toward other countries across the globe as well as the U.S. policies and actions in dealing with the Russia-Ukraine conflict and so on.



Russian President Vladimir Putin (3rd from the Left), Indian Prime Minister Narendra Modi (Centre), and Chinese President Xi Jinping (3rd from the Right) talk ahead of the Shanghai Cooperation Organization (SCO) Summit 2025, in Tianjin, China, on 1 September. Watch this short video at X, click [Here...](#)

For the evolving U.S. trade relations with others, so far it has managed to reach trade

agreements with a number of partners including the EU, the UK, Japan, South Korea, the Philippines, Vietnam, Thailand and so on. As for the U.S. trade ties with India, the negotiations between these two haven't gone smoothly and they are still ongoing.

In early August, the U.S. set a 25% tariff on Indian goods, citing the reason of an imbalanced trade between these two economies. The tariffs imposed on India may also have a relevance to the matter that India ignored the U.S. warning to continue to import oil from Russia, as at the end of July, the U.S. ever threatened to impose secondary sanctions on the nations importing Russian oil, if no progress was made between Russia and Ukraine toward resolving the Ukraine crisis within a set-period of time.



A crude oil tanker owned by Russia's leading tanker group Sovcomflot, transiting through the Bosphorus in Istanbul, Turkey, on 4 April 2024. (Yoruk Isik/Reuters/CNN)

Through the same period, the trade negotiations between the U.S. and India had moved slowly. In order to accelerate the negotiation process, in mid-August, the U.S. imposed an additional 25% tariff on Indian imports.

In response to the U.S. tariffs, Indian Prime Minister Narendra Modi encouraged the Indians to buy more locally-made products.

Meanwhile, China expressed its position of firmly standing with India in opposing the U.S. bullying tariffs.

Though the border dispute between China and India over the past few years has cooled down the bilateral engagements of these two on certain issues, in recent months, the officials of China and India have taken steps to jointly improve their bilateral relations and cooperation including recovering the border trade activities as well as resuming the direct flights between them.

Following a series of bilateral talks between the officials of China and India, the Shanghai Cooperation Organization (SCO) summit held in early September in China created another chance for the leaders of the two nations to directly engage with each other. This was also the first time in seven years for Indian Prime Minister Narendra Modi to pay a visit to China.



Chinese President Xi Jinping and Indian Prime Minister Narendra Modi hold a bilateral meeting, on 31 August 2025, in Tianjin, China. Watch a brief video recording of the meeting at AP [Here...](#)

By putting the border issue aside, China and India in fact share a lot more in common. Both of them are the members of various emerging blocs including the SCO and the BRICS, which are assumed to be able to better represent and defend the rights and interests of the emerging economies and of numerous others.

As for the recent developments of Russia-India bilateral ties, on the sidelines of the SCO summit, Russian President Vladimir Putin and Indian Prime Minister Narendra Modi in their bilateral meeting valued highly of the long, friendly, trusting, and special relationship between these two nations, besides discussing issues related to “regional stability, bilateral trade, and energy cooperation”.



Russian President Vladimir Putin, second left, and Indian Prime Minister Narendra Modi walk to attend the Shanghai Cooperation Organization (SCO) summit, in Tianjin, China , on Monday, 1 September 2025. (Alexander Kazakov/Sputnik/Kremlin Pool Photo via AP)

In addition to that, according to the media release, more recently, the two countries have agreed to further enhance collaboration in defence and nuclear energy - more specifically, for cooperation in defence, India wants Russia to supply more of Russia-made advanced weapons systems including the S-400 missile systems; while for energy cooperation, India is keen to jointly develop the fourth-generation nuclear energy with Russia. Besides that, for future trade, India has expressed interest in using the Northern sea route, which goes through Russia's Arctic and Far East regions, and would significantly cut the shipping time compared to the traditional shipping routes.

After all, against the currently evolving regional and international contexts, how likely will the measures and events just mentioned above further develop in the coming steps? To what extent, would the policies and measures taken and implemented by the U.S. likely change India's positions and actions in particular?

## Trade Measures Taken by the U.S. toward India & the U.S.-India Trade Relations

It is assumed that the recent tariff measures taken by U.S. toward India mainly bear three purposes: dealing with the imbalanced trade with India, seeking to increase the U.S. leverage over Russia and the Ukraine issue hopefully through reducing India's purchases of Russian oil, and balancing India's relationship and also the U.S. relationship with other major powers especially China.

The U.S. trade measures toward India are evolving, and the tariffs might just be temporary. To what extent the U.S. would adjust its current tariff measures partly will depend on how the trade negotiations between these two countries will develop. If the negotiations go well, there might be a possibility for India to slightly adjust its measures and actions. Nonetheless, the outcomes of the U.S.-India negotiations wouldn't likely result in a dramatic change on India's relationship with both Russia and China, as unlike other allies of the United States, India sees itself as a global actor and aims to formulate and implement a multi-alignment strategy, which is assumed to mean that India would seek to develop partnership and cooperation with a wide variety of countries/organizations/entities, while in the meantime, it would try to keep the country's autonomy and freedom to act.

India has a surplus in trade with the United States, and the U.S. wants to reduce the trade imbalances with India by getting it to import more from the U.S.. Nonetheless, it is not certain how likely the U.S. could manage to make a difference in addressing this matter in a short term and even in a longer term.

To narrow the U.S. deficit with India, either India may purchase more from the U.S. or the U.S. could buy less from India.

The U.S.-India bilateral trade data showed that, in the fiscal year of 2024-2025, pharmaceuticals, gems & jewelry, engineering goods, and textiles & apparels, petroleum products, and electronics & hardware were among the top products exported from India to the United States.

### Top Indian Products Exported to the United States in the Fiscal Year of 2024-2025

Product Category	Key Items	HSN Code	Share in Exports
Pharmaceuticals	Generic medicines, vaccines	3004,3006	18%
Gems & Jewelry	Diamonds, gold, jewelry	7102,7113	15%
Engineering Goods	Machinery, auto parts, iron & steel	84,85,73	12%
Textiles & Apparel	Cotton garments, home textiles	52,61,62	10%

Petroleum Products	Refined oil, diesel	2710	9%
Organic Chemicals	Dyes, agrochemicals	2909,2933	8%
Electronics & Hardware	Telecom equipment, circuit boards	8542,8517	7%
Seafood	Shrimp, frozen fish	0306,1605	5%

Source: Import Export Data Provider - DGCIS, USITC, and Trade Analytics.

Table is cited from [Vane Sight](#).

If not purchasing or purchasing less these categories of goods from India, the U.S. may have to acquire them from other markets such as the pharmaceuticals maybe from Canada, the textiles and electronics from China or Southeast Asian countries, and the engineering goods from Germany etc.. In that case, the U.S. may risk widening its trade imbalances with other trading partners.

As for the U.S. exports to India, in 2024, mineral fuels, oils, machinery, nuclear reactors, aircraft, spacecraft, and electrical and electronic equipment were some of the top U.S. products exported to India. To narrow the trade gap between the U.S. and India, in addition to these types of U.S. products, the U.S. may expect to further expand the categories of goods exported to India such as the U.S.-made arms.

### Top Products Exported from the United States to India in 2024

United States Exports to India	Value	Year
Mineral fuels, oils, distillation products	\$12.60B	2024
Pearls, precious stones, metals, coins	\$5.31B	2024
Machinery, nuclear reactors, boilers	\$3.29B	2024
Aircraft, spacecraft	\$3.00B	2024
Electrical, electronic equipment	\$2.21B	2024
Optical, photo, technical, medical apparatus	\$1.99B	2024
Plastics	\$1.43B	2024
Edible fruits, nuts, peel of citrus fruit, melons	\$1.16B	2024
Organic chemicals	\$1.11B	2024
Miscellaneous chemical products	\$1.00B	2024
Commodities not specified according to kind	\$931.68M	2024
Iron and steel	\$862.27M	2024
Aluminum	\$792.52M	2024

Table is cited from [Trading Economics](#).

At the moment, Russia still remains as India's top weapons supplier, accounting for around 36% of India's total arms imports during 2020-2024, though Russia's share in India's arms purchases has significantly dropped over the past four years, compared to 55% during 2015-2019, mostly driven by Russia's intensive domestic demands alongside the Ukraine war as well as the Western sanctions on Russia, as some analysts already indicated.

Between 2020 and 2024, Ukraine had become the world's number one arms importer, and its arms imports had surged by nearly 100 times, compared to the period of 2015-2019. 45% of the major weapons supplied to Ukraine came from the United States, followed by Germany's 12% and Poland's 11%. The dramatic increase in Ukraine's arms imports somehow can also reflect the significant surge of Russia's domestic demands in arms.

Through the period of 2015-2024, Russia's arms exports have fallen sharply by 64%, now only accounting for about 7.8% of the global total. Yet, even under this circumstance, it is still listed on the top among all the arms suppliers to India. So, obviously, Russia still has an advantage in its arms trade with India, in comparison with other suppliers at the current stage.



Indian Air Force Su-30MKI Fighters. (Militarywatchmagazine.com)

This is partly attributed to the long-term strategic partnership in arms trade between these two countries. It can be traced to the Soviet Union era. Back then, India and the Soviet Union had kept a close ties in arms trade. Then, after the Cold War, throughout all over the past years, Russia has remained as a stable weapons supplier to India. Since the eruption of the Ukraine crisis, India has diversified the country's suppliers, and France has become India's second largest arms supplier behind Russia.

Another concern for India in relation to arms trade with various trading partners could be that whether there might be any sanctions imposed on India from time to time driven by any possible trade disputes between India and its trading partners, and that how likely these sanctions could pose a threat to India's interests and so on. So, under this circumstance, from a long-term perspective, India would very much prefer to work with more stable and reliable arms trading partners in order to avoid the uncertainties of any possible sanctions imposed, while in the meantime it may seek to further diversify the country's weapons trading partners.

As for the U.S. attempt to get India to reduce India's Russian oil purchases, the Indian side has kept defending the country's moves in increasing purchases of cheap Russia energy, as India's economic development at the current stage needs reliable and stable sources of energy. So, for India, this should mostly be a matter of helping ensure the country's energy security.

In addition to that, according to the media reports, part of the India-imported Russian crude oil, after being refined in India, have also been sold to other markets including the United States. In the fiscal year of April 2024 - March 2025, petroleum products including refined oil imported by the U.S. from India stood at 9% of India's total exports to the U.S.; and they were listed as the top 5 products behind pharmaceuticals (18%), gems & jewelry (15%), engineering goods (12%), textiles & apparel (10%), exported from India to the United States. So, these five categories of Indian products combined accounted for 64% of India's total exports to the U.S..

Therefore, based on the above, in order to get an idea of to what extent the U.S. measures could affect its trade with India, the U.S. will need to take these just mentioned factors into account.

Then, how likely could the engagements of the major powers in the coming steps on the key issues outlined in this piece generate a global impact from a structural perspective?

### **Europe's Position in the Global System**

As a result of the Ukraine crisis, Europe's overall strategic position on the global stage has been further weakened. Compared to the pre-war period, European countries are now more dependent on the U.S. in trade, energy supply, defence, and security etc.

Many Europeans have vowed to achieve strategic sovereignty for years already. Nonetheless, the current situation faced by Europe is apparently against their will. Some observers may have thought that as far as gradually transferring the burden of aiding Ukraine to Europe by the U.S. and letting the European countries take more responsibility for their own affairs, Europe may become more independent ultimately.

However, over the past more than three years of war, the European powers have become less independent, they want the U.S. deeper involvement in the Ukraine crisis; and even under the circumstances that they were pushed to share more burden in material terms, they would just want the U.S. to remain on the table and take the lead, mostly because the European leaders are not certain what might happen without the U.S. involvement and how more likely a scenario could be - the security situation could be even messy, from the perspective of some European leaders, if letting the European powers take the lead in managing and settling the Ukraine crisis; and even if a worst scenario does happen, as far as the U.S. is involved, the U.S. will deal with it after all.

The war so far has affected Europe in many ways. Apart from social, political, and economic costs, the development capacity and resilience of some European industries have been hit as well. For instance, in relation to the defence industry, given that the development capacity of Europe's defence industry in general is far behind that of the United States, so, to further aid Ukraine's warfare, some European countries have already agreed to purchase U.S.-made weapons for Ukraine. In this regard, for a very long time to come very likely, the development of Europe's defence industry will be affected, and Europe will be more dependent on the U.S. in defence and security.

In addition to that, European countries have been facing challenges in meeting their energy needs from occasion to occasion. Since the Ukraine war began in early 2022, Europe has significantly shifted its energy imports away from Russia to the United States. Unstable energy prices are only part of the problems facing Europe. More critically, the newly shaped energy dependence relationship between European countries and the U.S. hasn't made them feel more secure in energy.

Therefore, against the current turbulent situation in Europe and other places across the globe, the role played by the major powers from the non-Western world would likely become more significant. The consultation and collaboration among them either in bilateral, trilateral, or multilateral forms could help generate more confidence and certainty to the world.

### **The Influence and Limits of the U.S. Power**

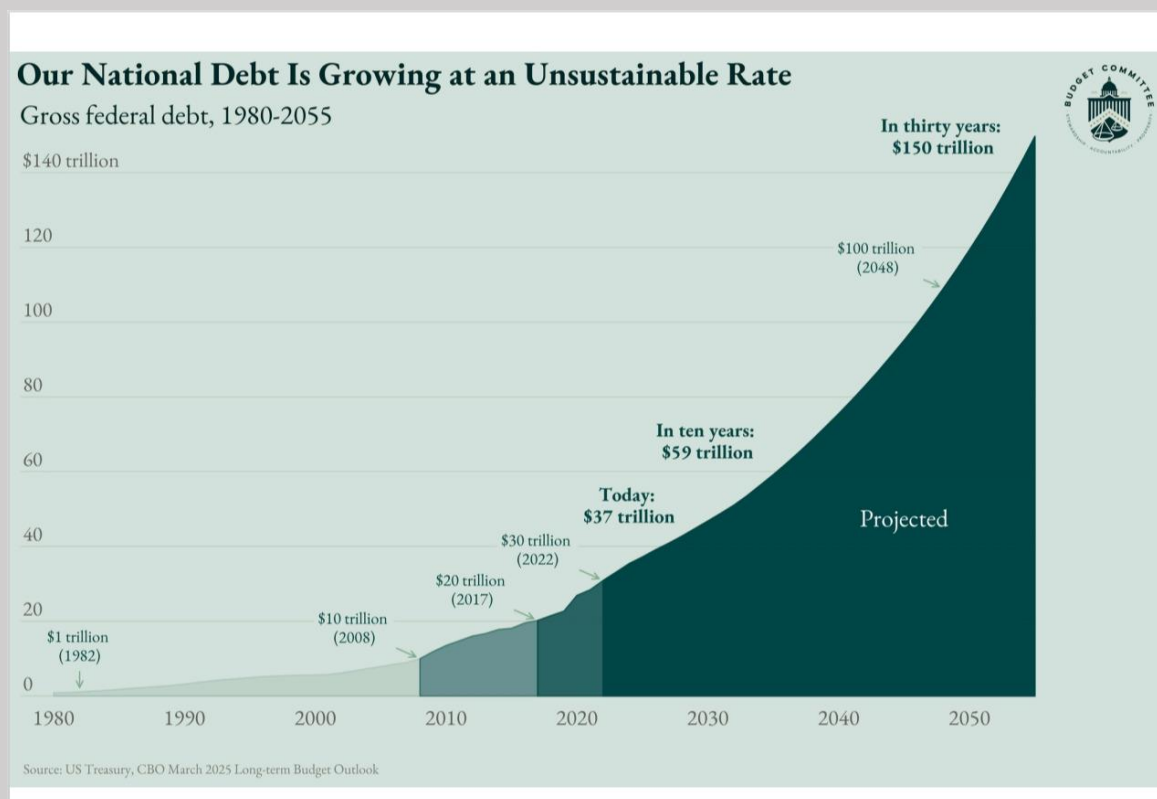
The U.S. would maintain its advantage in some areas for the years to come. On the military and defence front, the U.S. currently still spends far more than any other major powers; it has the largest number of military bases from across the globe; and it has the largest share of global arms exports, accounting for 43% of the global total in 2024.

In the economic and trade spectrum, one of the noticeable advantages for the U.S. is that it has the dollar as the global currency in international transactions. The status of the dollar has

enabled the U.S. to use it as a leverage to manage its economic and trade relations with other nations from occasion to occasion. So, before an alternative global common currency is created, the U.S. would still keep its advantage in this area.

However, in the meantime, there is also a need to see that keeping the U.S. advantages in some areas such as defence needs to constantly maintain a high spending rate, and that the increasing imbalances between spending and revenue would drive the surge of national debt, which had already surpassed \$37 trillion by early September 2025, around 120% of the country's gross domestic product (GDP). The rising debt would constrain the U.S. capacity to respond to emergencies.

### The U.S. National Debt Surging Outlook



The U.S. national debt level by early September 2025 had surpassed \$37 trillion.

Data is cited from the [U.S. House Budget Committee](#).

The above projected U.S. National Debt Surging Outlook graph shows that, from 2008 to 2017, the U.S. national debt had surged by \$10 trillion in nine years; then in five years time between 2017 and 2022, it had increased by another \$10 trillion; and further over the past 3 years

from 2022 to 2025, it had risen by more than \$7 trillion. So, apparently starting from 2008, the U.S. national debt has been growing at a faster pace in annual average compared to the years between 1980 and 2008.

Meanwhile, according to *Statista*, the U.S. GDP had grown by around \$14.42 trillion from \$14.76 trillion in 2008 to \$29.18 trillion in 2024, while the country's national debt through the same period had increased by about \$25.44 trillion from \$10.02 trillion in 2008 to \$35.46 trillion in 2025. So, the U.S. national debt since 2008 has been growing faster than its GDP. That's why many observers already indicated that the U.S. debt increases at an unsustainable rate.

Besides that, the U.S. is not an isolated entity. This means that only by properly using its advantages, can the U.S. benefit from them. If the advantages are overly applied, they would generate setbacks for the U.S., and the U.S. itself may suffer more severe consequences as a result of the counter-measures taken by its counterparts.

For instance, in international trade, the tariffs imposed by the U.S. on other countries have led to the rising prices of commodities. The U.S. expects the tariffs to help generate revenues. Nonetheless, these tariff revenues temporarily collected from other nations later on will be transferred to the U.S. businesses and consumers and turned into costs for them. After all, the U.S. consumers and businesses will bear the costs driven by the tariff measures, as they have already done so in recent years alongside the implementation of the U.S. tariffs.

### **Russia's Strategic Turn & the Growing Role of the Global Majority in Shaping the Contexts of the Global System**

As for Russia's evolving position in the global system, it will continue to be one of the most important actors. The Ukraine crisis has promoted Russia to further upgrade its engagements with the global majority in both economic and strategic terms.

Back in the earlier years of the new century, as led by NATO expansion, there had already been a sign that Russia would inevitably develop closer ties with countries in the Eastern and Southern parts of the globe, with Russia becoming the founding member of the two blocs, the SCO and the BRICS. The Ukraine crisis has further accelerated Russia's strategic turn to the non-Western world.

In a longer term, Russia will face and deal with a complex strategic situation. On the one hand, as part of the European security structure, to protect Russia's security interests, Russia will continue to engage with the West toward jointly shaping a sustainably secure European security architecture, even under the circumstance that Russia's economic relations with the

West would still face a lot of uncertainties, and that it is not sure to what degree Russia's economic ties with the West could return to the pre-war level in the years ahead. On the other hand, Russia has already made a strategic shift to the global majority, and managed to open new landscapes in cooperation with the countries in this part of the world via multiple platforms and formats.

To make Russia's strategic turn carry a more substantial meaning, in the economic and trade area, one of the aspects can be related to the continuing improvement of the cross-border payment systems, as well as the efforts in creating a common currency. Russia and the major powers as well as numerous others in the Eastern and Southern parts of the world will need to continue to optimize the means to help them connect and trade more easily. At the current stage, some countries including Russia, China, India, and Indonesia etc., have managed to make part of their payments in national currencies. In the longer term, to fundamentally address the constraints faced by the countries in the Global South, a common currency in parallel with the national currencies of the participating countries is very necessary.

In addition, in strategic terms, Russia will continue to seek to work with other countries including China and India to jointly ensure peace and stability in the broad Eurasian region. As already mentioned, India has expressed interest in using the Northern sea route to trade in the future. So, it is assumed that a further growing economic ties and cooperation among the countries in the region would greatly contribute to strategic stability in the region and beyond.

Generally, against what have been happening across a wide range of issue areas at the regional and international stages, it is assumed that, while the U.S. would still likely maintain advantages and leverage in some areas, the role played by other major global powers as well as the middle powers in the non-Western world would likely be becoming more significant in the process of shaping the content and contents of a new global system. During this process, for addressing the common challenges faced by the world, the engagements and collaboration between the U.S. and other major global powers will be very necessary. Meanwhile, this process could also be mixed with the continuing efforts made by some important actors from across different regions to find out proper means to address the constraints imposed by some Western countries from time to time.

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※ The views expressed in this article are the author's own, and do not necessarily represent those of the *Strategic Thinking* magazine and its associates.

## De-dollarization and the Point of No Return

The international monetary system has already passed its point of no return to an international monetary order centered on a single national reference currency.

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By Mauricio Metri



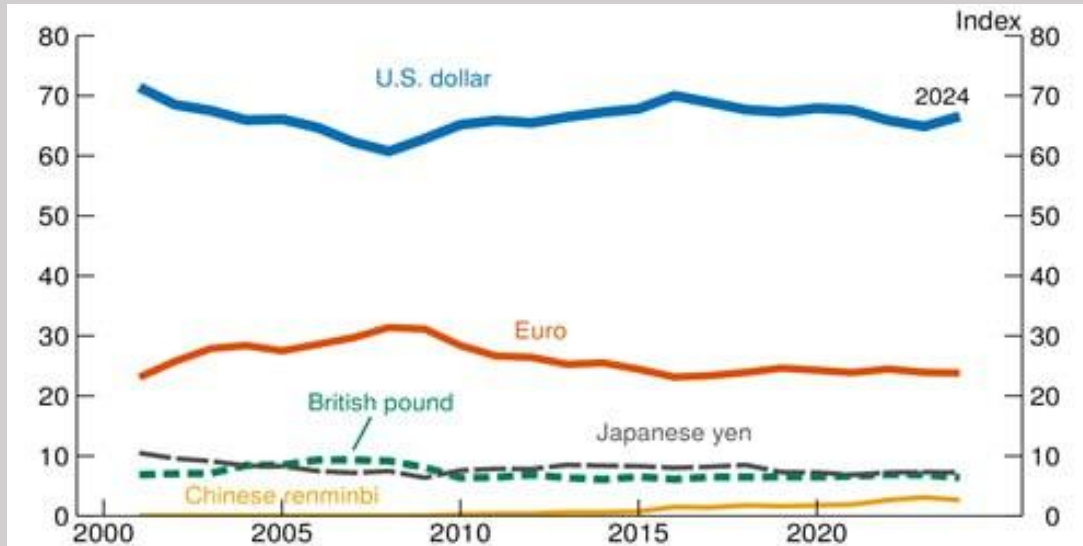
Photo: cngoldres.com

The July 2025 FEDS Notes document, entitled The International Role of the Dollar – 2025 Edition, prepared by the Federal Reserve, released updated data on the usage index of the essential convertible national currencies. It considers the following components: disclosed foreign exchange reserves (25% of the value), the volume of foreign exchange transactions (25%), foreign currency debt issuance (25%), international loans (12.5%), and international deposits (12.5%).

According to this index, shown in the chart below, the dollar has remained relatively stable throughout the period from 2000 to 2024, varying between 60 and 70. The euro has also fluctuated little, from 20 to 30, as have the Japanese yen and the British pound, 5 to 10. The Chinese renminbi (RMB), on the other hand, ranks only fifth in the international currency hierarchy, with growth from 0 to 3 over the last 15 years. Moreover, the value of the dollar usage index is higher than the sum of the other currencies for any year in the period under

review.

### Index of international currency usage



Source: FED, The International Role of the Dollar – 2025 Edition, FEDS Notes, July 2025.

Also, according to the Federal Reserve document about participation in central bank portfolios, in 2024, the dollar accounted for 58% of disclosed reserves, surpassing other convertible currencies, namely: the euro (20%), the Japanese yen (6%), the British pound (5%), and the Chinese renminbi (2%). The document noted a significant increase in the share of gold in official reserves, which has more than doubled over the past decade. However, it considers that this was mainly due to a rise in the market value of the metal, which increased by more than 200% during the period, while its physical quantity in central bank vaults rose by only 10%.

It is therefore striking to note the isolation and stability of the dollar's position at the top of the international monetary hierarchy, especially when one recalls that, throughout this period, the US incurred structural deficits in its current account of the balance of payments, produced steady growth in its public debt as a percentage of GDP, and subjected the world to severe financial crises, such as the internet crisis in 2001 and the Great Recession of 2008, whose epicenters were its own national economy. Despite this, there has been no flight from dollar positions over the years. On the contrary, US public debt securities have remained the safe-haven asset of the system, especially during times of significant uncertainty and crisis.

It is not surprising, based on these data and facts, that the Federal Reserve document concluded there are no significant threats to the dollar as an international reference currency

in the current situation. Not even the widespread use of the dollar as a weapon of war via economic and financial sanctions on different countries, companies, and individuals targeted by its foreign policy has compromised the dollar's position, according to the document.

Digital currencies are also not a concern for US monetary authorities, as in practice, they end up reinforcing the use of the dollar, given that, for example, 99% of stablecoin capitalizations occur in dollars.

As for China's significant economic growth, this is also not identified as a threat. According to FEDS Notes, "the renminbi is not freely exchangeable, the Chinese capital account is not open, and investor confidence in Chinese institutions is relatively low. These factors all make the Chinese renminbi relatively unattractive for international investors." (FED, 2025: 15).

Therefore, as a general conclusion, the document states that: "In sum, absent any large-scale, lasting disruptions which damage the value of the U.S. dollar as a store of value or medium of exchange and simultaneously bolster the attractiveness of dollar alternatives, the dollar will likely remain the world's dominant international currency for the foreseeable future." (FED, 2025: 15).

It is interesting to note that, in July 2025, the People's Bank of China also published a technical document on the international monetary hierarchy, entitled White Paper on RMB Internationalization of Bank of China, whose main objective is to assess the process of renminbi (RMB) projection based on: the evolution of cross-border flows between China and foreign markets; the development of offshore markets in RMB; and the role of the Chinese currency in multilateral international institutions.

According to the document, in 2024, China's total cross-border settlements in RMB increased by 22.5% over the previous year. Among them, settlements in RMB in the current account grew by 15.7%, and in the capital account, by 24.9%. The global use of the RMB in 2024 reached 4.2% of international payments, 5.5% of trade finance, 5% of foreign exchange trading, and 2.2% of foreign exchange reserves. According to the document, in comparative terms, the RMB was the third most widely used currency in trade finance, the fourth most commonly used for payments, the fifth most widely used in foreign exchange trading, and only the seventh most commonly used as a reserve currency.

The report also highlights that Chinese companies have increasingly used the RMB as a vehicle currency for foreign direct investment (FDI). For 27.1% of companies, the RMB accounted for at least 50% of their FDI in 2024, representing an increase of 2.2 percentage points compared to 2023. For 22.3% of them, the RMB accounted for at least 20% of their FDI, representing a 3.1 percentage point increase from the previous year.

Therefore, similar to Washington's FEDS Notes, Beijing's White Paper ultimately shows that the Chinese currency has not yet achieved a significant position in the current international hierarchy. However, it has achieved substantial growth rates in its use in certain activities, partly due to a small initial calculation base. In any case, the document points to greater internationalization of the renminbi in the near future.

Therefore, while the Federal Reserve report reinforces the centrality of the dollar in the global economy and points to the absence of concrete and potential threats, the People's Bank of China report, while not contradicting these conclusions, prefers to highlight the recent growth in the internationalization of the renminbi, without, however, showing a more significant change in the position of its national currency in the international monetary hierarchy.

As a first observation, the reconfigurations of international monetary hierarchy are not, and never have been, market processes, as is generally assumed. Economic agents and most nation-states have little capacity for strategic initiative in this field. It is, in effect, a dispute between major powers.

Perhaps because they focus on market data and the logic of economic agents above all else, the reports from Washington and Beijing did not give due attention to the geopolitical transformations the world is undergoing. Various initiatives to circumvent the dollar system, through the construction of a monetary and financial infrastructure at points sensitive to the hierarchy of the system, are in full swing, such as: the creation of spaces for pricing strategic commodities outside the dollar (especially oil); the establishment of multilateral financing organizations outside Washington's veto power, thus providing space to operate with other national currencies; and the construction of international payment and interbank communication systems that bypass the SWIFT system. These are therefore processes whose dynamics the market forces don't capture immediately, but are strong enough to exert structural pressure on the pillars of the dollar in the contemporary international system.

Regarding the pricing of strategic goods, since 2018, the Shanghai Futures Exchange has been trading oil and other commodity futures contracts in yuan, thereby creating a space outside the US dollar territory. For example, as China is the world's largest consumer of industrial metals, but much of this trade occurs in dollars, the Shanghai Futures Exchange, in May this year, undertook a greater opening to promote the placement of the renminbi at the center of these contracts to the detriment of the dollar. On the other hand, Beijing is already preparing to open its domestic bond market to major Russian energy companies Gazprom, Gazprom Neft, and Rosatom. For these companies, "The placement of bonds in China will allow raising money at more affordable rates in yuan, which is important against the background of the high cost of loans in Russia and the ban on foreign loans."

Regarding inter-bank communication systems outside the dollar territory, there are at least

three in operation, at varying stages of development. There is Russia's financial messaging system (SPFS), which manages to bypass the SWIFT system. Its recent success has led France and Germany to push for even tougher new sanctions against foreign banks that maintain commercial relations with Moscow through the Russian system.

Similarly, India has already developed its structured financial messaging system (SFMS), as have the Chinese, who have created their own international payment network, the Cross-Border Inter-bank Payment System (CIPS). To give you an idea, "Annual volumes through the Cross-Border Inter-bank Payment System (CIPS) reached around 175 trillion yuan (\$24 billion) in 2024, a more than 40% year-on-year growth rate, according to its own data."

In a recent article dated July 27, 2025, CNBC analyzed the interface between oil and non-dollar payment systems. "For years, China has been buying Iranian oil at a discount in bulk, and U.S. sanctions on Tehran have had little effect on this trade, according to analysts, thanks to a parallel transshipment supply chain and a yuan-denominated payment system that bypasses the U.S. dollar." Thus, such initiatives have weakened the dollar's power as an instrument of sanctions, while laying the foundations for a monetary and financial infrastructure that bypasses the dollar territory.

In the realm of international financial institutions, this year's big news was the decision by the Shanghai Cooperation Organization (SCO) at its summit in Tianjin, China, to move forward with the creation of its own development bank. In addition to creating a new source of international financing in currencies other than the dollar, the new bank's goal will be to bypass Euroclear and Clearstream in the settlement guarantee (final transfer of assets and money) and custody (safekeeping of assets) processes for securities in the region and worldwide. In other words, the intention is to create a financial infrastructure for settlement, custody, and asset management in cases of cross-border and domestic transactions involving securities, stocks, derivatives, and funds outside the dollar territory. This new bank will enable Russian corporations and banks, for example, to invest in foreign assets again without the risk of confiscation and freezing, and allow foreigners to invest in Russia without facing threats.

Therefore, it is not difficult to see that initiatives are already underway and at various stages of consolidation to reconfigure the international monetary geography. These focus on sensitive points within the system's hierarchy. They are concrete facts from the most recent situation regarding the creation of a monetary-financial infrastructure, with the primary purpose of circumventing the dollar territory, implemented by states with the capacity to defend themselves against vetoes and retaliation.

Keep in mind that these are reactions to the dollar's dominance, linked to the advantages enjoyed by the US over the last three decades in terms of: a disproportionate ability to sustain

a global military structure and a history of uninterrupted wars, on the one hand; and widespread use of economic sanctions against the targets of its foreign policy, on the other.

It is not difficult to see that this reaction to the violence of the dollar goes hand in hand with tensions and competitive pressure among the major powers of the international system, marked by intensified rivalries in all strategic fields of the broader geopolitical dispute. Therefore, in the short term, as there is nothing to indicate a slowdown or deceleration of these rivalries between the major powers, nor is there any indication that one side will be able to impose itself unilaterally, there will continue to be a willingness to confront the violence of the dollar by building a less hierarchical international monetary geography. In this sense, it argues that the world has already passed the point of no return in transitioning to a unilateral dollar-centered order, moving toward other configurations, most likely the formation of monetary blocs, as has occurred at different times in history.

Regarding the speed of these transformations, it notes that when pressures that strain the international monetary hierarchy are triggered, they do not necessarily involve protracted processes full of inertial forces, as is commonly assumed.

After World War II, for example, both the victors settled their conflicts in dollars, through the lend-lease mechanism (1941-45), and the defeated, through the war reparations established in the peace treaties. Added to this were the Bretton Woods Agreements of 1944, which established the dollar as the center of the new system under construction. At the time, although little commented on in the specialized literature, the imposition of the dollar occurred directly and without constraints. According to the British representative at Bretton Woods, the famous economist John Maynard Keynes, "We, all of us, had to sign, of course, before we had had a chance to read through a clean and consecutive copy of the document (...). All we had seen of it was the dotted line. Our only excuse is the knowledge that our hosts had made final arrangements to throw us out of the hotel, unhoused, disappointed, unaneled, within a few hours."\*

However, within just two years, with the outbreak of the Cold War in 1947, a monetary geography marked by global bipolarity was established, with the dollar territory on one side and the ruble territory on the other. This monetary geography closely mirrored the features of the emerging new military, political, and ideological world order. The monetary bipolarity that characterized the early decades of the Cold War only changed in 1971, as a result of the triangular diplomacy of 1969, when, within two years, China and the USSR rejoined the dollar territory, establishing, only then, the effective globalization of the US currency.\*\*

Therefore, concluding the argument in suggestion, unlike the conclusions of the Federal Reserve report, it is understood that the international monetary system has already passed its point of no return to an international monetary order centered on a single national reference

currency. The process for a new redesign of monetary geography will not necessarily be as slow as economic analysts generally assume and market data suggest. As has been the case throughout history, the dispute between the great powers will determine both the direction and speed of events in the monetary field. As the former president of Argentina, Cristina Kirchner (2007-15), once said, accurately, succinctly, and somewhat bluntly: “It’s geopolitics, stupid.”

\* Steil, Benn. *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the Making of a New World Order*. Princeton University Press. New Jersey, 2013. (p. 251).

\*\* Metri, M. *História e Diplomacia Monetária*. Editora Dialética. Rio de Janeiro, 2023. (Cap 8 e 9).

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✂ The views expressed in this article are those of the author, and do not represent those of the *Strategic Thinking* magazine and its associates.

✂ This article was first published on 26 September 2025 by the Strategic Culture Foundation, which owns the credit of this piece.

## 3. OPINION



Israeli Prime Minister Benjamin Netanyahu holds a map as he speaks at the United Nations General Assembly at UN headquarters, in New York City, on 26 September 2025. (Photo by CHARLY TRIBALLEAU/AFP/ Times of Israel)

## Prospect of Establishing A Regional Security Architecture in the Middle East

### Highlights

As a result of Israel's strike on a compound inside Qatar targeting the Hamas leadership, the U.S. would likely face some pressure in managing its relationship with the country's partners and allies in the Middle East. Meanwhile, for ultimately addressing the animosity between Israel and the Islamic world, there are observers proposing to establish a new regional security architecture. Then, what would be the prospect for forming such a regional security structure?

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By Jin Ran

"This was a decision made by Prime Minister Netanyahu, it was not a decision made by me. Unilaterally bombing inside Qatar, a Sovereign Nation and close Ally of the United States, that is working very hard and bravely taking risks with us to broker Peace, does not advance Israel or America's goals. However, eliminating Hamas, who have profited off the misery of those living in Gaza, is a worthy goal."

This was the U.S. President Donald Trump's response on 9 September through his Truth Social platform to Israel's strike on a compound inside Qatar hosting the Hamas leadership. Some analysts already indicated that Israel's attack has undermined the U.S. regional strategy as well as has caused a damage to the U.S. influence in the region, given that Qatar, as a critical ally of the U.S., hosts the largest U.S. military base in the region, and that Qatar has acted as an important mediator in helping end the Israel-Hamas war.

Since the Hamas group's 7 October 2023 attack on Israel, over the past almost two years, Israel has not only engaged in a warfare with Hamas, it has also fought with the allies of the Hamas group including the Houthis in Yemen and the Hezbollah militants in Lebanon. Besides that, Israel has exchanged strikes with Iran for numerous rounds, and attacked Syria by taking advantage of the fall of the Syrian Assad regime, and then most recently struck a target inside Qatar.

So, Israel has engaged in fighting with various actors on multiple fronts. Numerous rounds of protests at the domestic and global levels as well as of international condemnations so far haven't stopped Israel's operations in Gaza, which, according to the United Nations Office for the Coordination of Humanitarian affairs, had already killed 65,062 and injured 165,697 civilians by 17 September 2025, led by Israel's indiscriminatory strikes in Gaza. The leaked Israeli intelligence data showed that, by August 2025, 83% of those being killed in Gaza were

civilians.

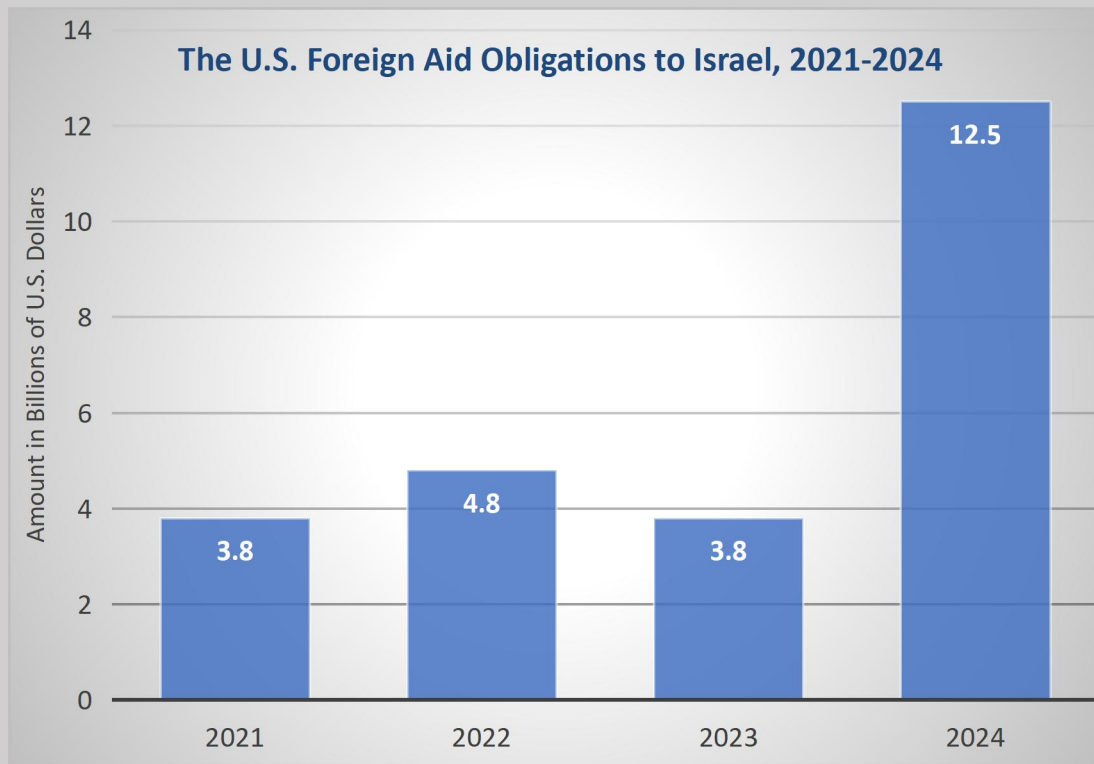
Most recently, a number of Western countries, apart from condemning the damages and suffering inflicted by Israel on the Palestinian civilians, have rushed to officially recognize the Palestinian statehood. This can be a very significant symbolic move, compared to the previous ambivalent positions on this issue held by some Western countries.

So, what has made Israel sense that it can afford to dismiss the pressure imposed by the international community for ending the war in Gaza? Mostly it is due to that Israel has the resources to keep its warfare going.



People demonstrate in Times Square during a pro-Palestinian, anti-Israel protest, Friday, on 26 September 2025, in New York, as Israeli Prime Minister Benjamin Netanyahu addressed the United Nations General Assembly. (Angelina Katsanis/AP/Times of Israel)

The graph below shows the U.S. total foreign aid delivered to Israel during 2021-2024. It can be seen that following the eruption of the Israel-Hamas war in October 2023, the U.S. in 2024 had dramatically raised the level of foreign aid to Israel, reaching 12.5 billion, compared to that through the previous three years on an annual basis.



Original source: U.S. Overseas Loans and Grants (Greenbook), Foreign Assistance gov, the U.S. State Department, and the Missile Defence Agency.

\* U.S. dollars are current, or non-inflation adjusted.

\* This graph is cited from the [QUINCY LEGISLATIVE & POLICY NOTE NO. 15](#) - "Unquestioning Support for Israel Will Only Deepen America's Problems in the Middle East".

\* The shape of the graph has been slightly adjusted.

As driven by the ongoing war in Gaza, the regional and international picture facing Israel now is that it is apparently more isolated by the international community. This can be reflected from a scene that the Israeli Prime Minister Benjamin Netanyahu faced a very empty hall right before he started to deliver a speech during this year's United Nations General Assembly, as the delegates from most of the countries across the globe had left the hall subsequently in protesting against the suffering inflicted by the Israeli military on the Palestinian civilians.



Israeli Prime Minister Benjamin Netanyahu speaks at the United Nations General Assembly at UN headquarters, in New York City, on 26 September 2025. (ANGELA WEISS/AFP/Times of Israel)



Delegates at the United nations General Assembly walk out of the GA hall as Israeli Prime Minister Benjamin Netanyahu is prepared to speak. ( Screenshot based on a video from Yahoo News)

Besides that, Israel's operations in Gaza as well as its most recent attack on a target inside

Qatar have made the Arab countries more united and further consolidated their position in demanding the realization and establishment of a Palestinian state as a precondition for normalizing relations with Israel.

As driven by Israel's actions, André Benoit, a French consultant working in the field of business and international relations, put that American support for Israel has become "a source of friction" between the U.S. and its Arab and Turkish partners. Obviously, Israel's operations have generated more pressure for the U.S. to manage its relations with the country's Middle East allies.

For resolving the crisis in Gaza and then fundamentally addressing the security dilemma faced by Israel, Palestine, and other regional powers, the Better Order Project, developed by a group of experts from the Quincy Institute for Responsible Statecraft, a American think tank, proposed to establish a Middle East regional security architecture, through which, to consult, prevent, and manage the security issues in the region in a long run.

According to this project, Israel will be integrated into the regional security structure, as far as it would stop occupying the Palestinian land and then agree to return to the pre-1967 border lines between Israel and Palestine (though the final settlement could be involved in swap of territories between the Israelis and the Palestinians based on the consensus reached).

Getting the parties concerned to agree on the establishment of a regional security architecture and then to implement the relevant arrangements under the new structure will be a very long process, as the observers working on the Better Order Project indicated.

It is assumed that, one of the big challenges in relation to the creation of a regional security architecture in the Middle East could be that it is not certain what Israel would want from a long-term perspective - whether security would be Israel's number one concern or it may have an ambition beyond security (though security is believed to be very critical for Israel as well in the meantime)?

Besides that, getting the U.S. to support the creation of such a regional security architecture in the Middle East, as far as it has a relevance to Israel, should also be very important, as without the U.S. diplomatic, military, and other kinds of support to Israel, Israel's regional ambition cannot be realized and achieved. In other words, Israel's ambition beyond security concerns would be contained, without having the U.S. various kinds of support.

At the current stage, Israel has been trying to bound its interests with that of the U.S. together in order to keep the U.S. involvement in the Middle East affairs.

So, against the just mentioned context, what will the major powers in the Middle East plan to

act further, if Israel would continue to refuse to give up the occupied Palestinian land? Would it be possible for other Middle East powers to jointly set up a regional security architecture or maybe a security consultation mechanism in the first place even without Israel's participation in it at the early stage?

Following Israel's strike on the Hamas-connected compound inside Qatar, the big concern for the powers in the Middle East would be centred on how to possibly respond to the security threat further posed by Israel. They would likely be more willing to take into account other possible options to prevent Israel from launching future attacks against them.

For instance, Saudi Arabia and nuclear-armed Pakistan have agreed to deepen defence cooperation, as reflected by the signing of a mutual defence pact between these two nations on 17 September, stating that "any aggression against either country shall be considered an aggression against both".



Saudi Crown Prince Mohammed bin Salman and Pakistan Prime Minister Shehbaz Sharif embrace each other after they sign a defence agreement, in Riyadh, Saudi Arabia, on 17 September 2025. (Saudi Press Agency/Reuters/Aljazeera)

From both a short- and long-term perspective, there will be full of uncertainties and challenges facing the Middle East powers. It cannot be ruled out that Israel, for its interests in a very long run, would take security as the country's number one priority. Meanwhile, just in

case that Israel would take territorial expansion rather than security as its top priority, the regional powers will need to be prepared to respond to a different scenario.

A new regional security architecture or maybe a security consultation mechanism could serve as an alternative option for the parties in the region to jointly address their common security concerns from time to time.

Apart from dealing with traditional security issues, the function of a regional security mechanism would also be expected to contribute to the regional powers' joint endeavour in promoting regional integration, as far as the parties concerned from a long-term basis would tend to further expand the areas of issues dealt with by this security mechanism, which for instance could also cover the range of issues related to economic cooperation, energy, and environment etc., as proposed by the analysts from the Quincy institute.

In this regard, the parties concerned need such an alternative mechanism to help regulate and meet their common interests and concerns, even without including Israel into the process at the early stage toward the goal of establishing a regional security architecture.

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※ The views expressed in this opinion piece are those of the author, and do not necessarily represent those of the *Strategic Thinking* magazine and its associates.

## 4. BRAND INFLUENCE

# Jingdezhen Ceramics, China









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The *Strategic Thinking* magazine is created by the Strategic Thinking Institute, which is a research and advisory think tank focusing on the studies and advisory of a range of topics related to global governance, major power relations, foreign and security policy, development, and international economic and trade issues.

The magazine aims to catch some of the most pressing issues happening in the political, economic, and security landscapes and maybe other fields as well from across the globe.

It consists of four columns: Politics, Business, Opinion, and Brand Influence.

The readers of this publication could be policy-makers, diplomats, academics, students, and also those from the research institutes, think tanks, international organizations, transnational networks, corporations and groups, business entities, and media, as well as the general public who for various reasons would like to follow the developments of some critical issues drawing regional and international concern.

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