



ANNUAL STRATEGIC REPORT

Alliances of Necessity and Peace Through Strength

2025 – 2026



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LIST OF ACRONYMS AND ABBREVIATIONS

ACAN	Association of Christian Associations in Nigeria
ACEME	Conference for Emerging Market Economies
AEO	Authorized Economic Operator
AES	Alliance of Sahel States
AfD	Alternative for Germany
African Union	AU
AML	Anti-Money Laundering
ASEAN-ROK 2+2	China and South Korea's foreign and defense ministers
AUKUS	Trilateral security partnership between Australia, the United Kingdom, and the United States
BJP	Bharatiya Janata Party
BLA	Balochistan Liberation Army
BRI	Belt and Road Initiative
CAIR	Council on American-Islamic Relations
CENTCOM	US Central Command
CFA	Nile Basin Cooperative Framework Agreement
CFT	Financing of Terrorism
CIPS	Cross-Border Interbank Payment System
CPI	Consumer price index
CPI	Corruption Perceptions Index
CTF-150	Combined Task Force 150
DGMO	Director General of Military Operations
DHM	Directorate of Military History
DOGE	Department of Government Efficiency
DRC	Democratic Republic of the Congo
EACOP	The East African Crude Oil Pipeline
EAEU	Eurasian Economic Union

ECZA	Saudi Economic Cities and Special Zones Authority
ESCWA	United Nations Economic and Social Commission for Western Asia
EU	European Union
EUC	European Union–Gulf Cooperation Council
ExCo	Executive Committee
FDI	Foreign direct investment
FII	Future Investment Initiative
FOCAC	Forum on China-Africa Cooperation
FSDP	Financial Sector Development Program
G7	the United States, Germany, the UK, France,) (Italy, Japan and Canada
GABI	Global African Business Initiative
GADD	General Authority for Defense Development
GAMI	General Authority for Military Industries
GCC	Gulf Cooperation Council
GERD	Grand Ethiopian Renaissance Dam
GSR	Global Symposium for Regulators
HAI	Human-Centered AI
HLG-PCCB	High-Level Group for Partnership, Coordination, and Capacity-Building for Statistics for the 2030 Agenda for Sustainable Development
IAACA	International Association of Anti-Corruption Authorities
IAEA	International Atomic Energy Agency
ICBM	Intercontinental ballistic missile
ICC	International Criminal Court
ICJ	International Court of Justice

IDEX	International Defense Exhibition
IEA	International Energy Agency
IfW Kiel	Kiel Institute for the World Economy
IKTVA	In-Kingdom Total Value Add
IMD	Management Development
IMF	International Monetary Fund
INSTC	International North-South Transport Corridor
INTERPOL	International Criminal Police Organization
IRGC	Islamic Revolutionary Guard Corps
JCPOA	Joint Comprehensive Plan of Action
JEDCO	Jordan Enterprise Development Corporation
JeM	Jaish-e-Mohammed
JNIM	Jama'at Nasr al-Islam wal Muslimin
LEO	Collision between satellites in low-earth orbit
LeT	Lashkar-e-Taiba
LoC	Line of Control
MAGA	Make America Great Again
MEA	Ministry of External Affairs
MIC2025	Made in China 2025
MoU	Memorandum of understanding
NAVDEX	Naval Defense Exhibition
NCMS	National Company for Mechanical Systems
NCNP	Saudi National Center for Non-Profit Sector
NDB	New Development Bank
NMGP	The Nigeria-Morocco Gas Pipeline
OCI	Overseas Citizen of India
PIF	Public Investment Fund
PMF	Popular Mobilization Forces
PSA	Public Safety Act
PURL	Prioritized Ukraine Requirements List
QUAD	Quadrilateral Security Dialogue
RCEP	Regional Comprehensive Economic Partnership
REE	Rare earth elements

REGA	Real Estate General Authority
RSF	Rapid Support Forces
SAF	Sudanese Armed Forces
SAMI	Saudi Arabian Military Industries
SCCL	Saudi Chemical Company Limited
SCEGA	Saudi Conventions and Exhibitions General Authority
SCO	Shanghai Cooperation Organization
SDA	Strategic Defense Agreement
SDAIA	Saudi Data and AI Authority
SDF	Syrian Democratic Forces
SDT	Saudi Development and Training
SITE	Saudi Information Technology Company
SMDA	Strategic Mutual Defense Agreement
SMR	Small Modular Reactors
SMSCMC	Saudi Maintenance and Supply Chain Management Company Ltd
SPC	Saudi-Indian Strategic Partnership Council
SRMG	Saudi Research and Media Group
TICAD	Tokyo International Conference on African Development
TRF	The Resistance Front
TRIPP	Trump Route for International Peace and Prosperity
TSGP	The Trans-Saharan Gas Pipeline
TTP	Tehrik-i-Taliban Pakistan
UAPA	Unlawful Activities (Prevention) Act
UNAOC	United Nations Alliance of Civilizations
UNIFIL	United Nations Interim Force in Lebanon
UNRWA	United Nations Relief and Works Agency for Palestine Refugees
USAID	US Agency for International Development
USIP	United States Institute of Peace
WHO	World Health Organization

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An abstract graphic featuring a large, light-colored fingerprint pattern. Overlaid on the fingerprint are several thick, curved strokes in green, red, yellow, and grey, creating a sense of movement and depth.

EXECUTIVE SUMMARY

Significant strategic events and complex interactions marked 2025. Accordingly, our Annual Strategic Report (ASR) for the year highlights the most salient of these developments and their repercussions through in-depth analysis across four main parts. The first addresses developments in the international environment, including the effects of Donald Trump's return to power and the mounting challenges to global peace amid the tensions and conflicts witnessed during the year. The second covers transformations in regional environments, including the Gulf, the Middle East and Central Asia, as well as the orientations of influential powers within these regions. The third focuses on the evolving situation in Iran and the multiple issues that emerged in the aftermath of the 12 -Day War. The fourth explores strategic trends in Saudi policy and the major regional and international developments influencing the kingdom.

Global Dynamics

This part notes that President Trump's comeback at the start of 2025 constituted a pivotal factor shaping developments both within the United States and abroad. He returned with an agenda reflecting the revival of his political movement, which was evident in his domestic priorities, particularly immigration and government reform. Although he achieved some successes, he also faced serious challenges that contributed to a decline in his popularity. These dynamics were mirrored in his foreign policy, which was anchored in the "America First" doctrine and the "peace through strength" principle. This approach generated profound shifts on the global stage, whose repercussions are likely to extend well beyond 2025, while further aggravating the fragility of the existing rules-based international order.

In a different context, the ASR addresses the calculated US-China escalation and its repercussions on Indo-Pacific dynamics. It examines the contours of Trump's confrontational strategic competition with China, aimed at containing Beijing and deterring its ambitions for international leadership. This strategy prioritized the escalation of tariff measures on Chi-

nese exports, the expansion of investment restrictions — whether Chinese investments in the United States or vice versa — and selective technological disengagement intended to slow China's rapid technological advancement and reduce the flow of strategic Chinese products within global supply chains. Simultaneously, Washington pursued a policy of tightening the strategic perimeter around China by mobilizing regional allies, seeking to weaken Sino-Russian coordination, exploring the establishment of new military bases along China's geographical periphery and reinforcing military support for Taiwan as part of a broader containment framework.

However, China appears to possess substantial leverage and a diverse set of influence tools that enable it to counter and neutralize many of the objectives of strategic competition in ways that other states cannot. As the world's second-largest economy, China benefits from a vast domestic market and enormous financial resources, allowing it to provide extensive support to local commercial and industrial sectors through tax exemptions, state subsidies and a managed devaluation of its currency against the US dollar. In parallel, Beijing has actively sought to mobilize po-

litical support among states opposed to US unilateralism. This was evident in the Tianjin Shanghai Cooperation Organization (SCO) Summit held in September which included five nuclear-armed states — China, Russia, North Korea, India and Pakistan. Notably, Beijing managed to attract India, a traditional Western partner, to participate in the summit after a seven-year period of estrangement, underscoring China's growing diplomatic reach.

China also reinforced its revisionist approach to the international system by showcasing the largest display of advanced defensive and offensive weaponry during its military parade on the second day of the Tianjin SCO Summit. This demonstration conveyed strategic deterrence messages extending beyond the regional sphere to the broader international arena, including signals related to its nuclear triad. At the same time, Beijing adopted retaliatory measures designed to deter the United States and compel it to acknowledge China as a counterbalancing power within the international system. These measures included imposing reciprocal and escalating tariffs, triggering a rare earth metals trade confrontation, and conducting large-scale military exercises around Taiwan.

As a consequence of unilateral US policies, US allies in the Indo-Pacific have increasingly gravitated toward a model of multilateral partnerships, seeking to avoid the trap of rigid polarization while deepening their integration into global and regional industrial supply chains. Looking ahead, US-China rivalry in the Trump era is expected to unfold along three possible trajectories. The first involves continued escalation characterized by sustained tension short of war, marked by renewed cycles of tariff escalation and retaliation, potentially accompanied by military escalation over the Taiwan issue and intensified polarization in the policies of both Washington and Beijing toward allies and adversaries. The second trajectory entails de-escalation that avoids open conflict, remaining confined to pre-war stages. The third — and most likely — scenario is a pattern of fluctuation between escalation and de-escalation throughout Trump's second term, shaped by reciprocal escalation on unresolved issues. In this context, economic and trade disputes, along with the Taiwan question, are likely to remain central, whether through Chinese efforts to advance reunification or through US attempts to leverage Taiwan as a pressure point to

entangle China in regional confrontations.

The ASR also examines the impact of Trump's return on the Russia-Ukraine war. Strained relations between Trump and Ukrainian President Volodymyr Zelenskyy contributed to a decline in US military support for Kyiv, which in turn weakened its military capabilities and created a gap that European states were unable to fully compensate for. This shift facilitated Russia's consolidation of additional Ukrainian territories, as well as its recapture of the Kursk region. Although the US administration did not succeed in ending the war, it did initiate a serious negotiation track in the final quarter of 2025, establishing a preliminary framework that could potentially lead to a peace agreement. Nevertheless, the negotiation process remains fragile and vulnerable to collapse at any moment, given the conflicting parties' insistence on core demands — particularly territorial issues — and persistent European reservations which could lead to conflagration rather than containment. In this context, prevailing indicators suggest that the war is likely to continue oscillating between slow, inconclusive negotiations and intermittent phases of

mutual escalation aimed at extracting concessions.

On the global economic front, the ASR highlights major 2025 shifts and expected future trajectories. This points to several notable developments, foremost among these was the clear resurgence of protectionist policies following Trump's return to the White House. This coincided with a reduction in US interest rates to the 3.5% to 3.75% range and a decline in oil prices to their lowest levels in five years, falling below \$65 per barrel. Amid heightened global uncertainty, demand for safe haven assets increased sharply, driving gold prices up by more than 60% in a single year. At the same time, the global economy is witnessing an ongoing shift in its center of gravity away from the West toward the East and the Global South. China has emerged as the largest contributor to global GDP, accounting for 19.3% and surpassing the United States. This development has heightened US concerns, prompting Washington to combine protectionist economic measures with assertive geopolitical actions in an effort to reassert dominance. Overall, the international economy appears to be at a historic crossroads, where economic crises intersect with successive geopolitical and geoeconomic shifts,

alongside rapid technological transformations. Under these conditions, global growth is likely to remain modest, debt risks are expected to rise and demand for hedging instruments and safe assets will continue to increase.

Goeconomic competition among major powers is expected to intensify further, accompanied by an acceleration of capital flight toward more stable and attractive economic environments. The prevailing outlook points toward a form of economic multipolarity in which emerging powers no longer rely on unilateral hegemony, but instead compete through fundamental pillars of supremacy. These pillars include technological innovation — particularly in artificial intelligence (AI) — the green transition, the development of cross-border digital financial instruments and competition over non-traditional sources of wealth. This trajectory suggests that the global economy may soon enter a transitional phase marked by heightened volatility and instability, especially if US protectionist policies escalate in parallel with aggressive geopolitical actions, such as the arrest of the Venezuelan president and the seizure of national resources.

With regard to non-traditional security issues, the disruptions generated

by the Fourth Industrial Revolution (4IR) have begun to reshape economic and military structures alike. Competition over rare earth elements has emerged as a central driver of instability, contributing to the militarization of entire economic sectors. These materials are of critical strategic importance, with China controlling nearly 90% of the global supply chain, spanning mining, processing and magnet production. In contrast, the United States, Europe, Japan, South Korea and Australia lag significantly behind in both raw material availability and processing capacity. China's dominance is reinforced by its strict licensing regimes, low-cost production and ability to control prices, factors that effectively keep foreign companies dependent on its supply chains.

In the space sector, developments have accelerated at an unprecedented pace. 2025 witnessed China's Chang'e-6 mission to retrieve lunar samples, the successful landing of the Blue Ghost M1 spacecraft, continued progress in SpaceX's Starship program, NASA's ESCAPAD mission and the launch of Blue Origin's New Glenn rocket. At the same time, the growing unregulated presence of commercial, profit-driven actors in low Earth orbit (LEO) has height-

ened the risk of Kessler syndrome, a scenario in which orbital congestion and debris from collisions or explosions threaten satellites essential for GPS, global communications and the broader world economy. Parallel to this, the militarization of space is intensifying, as Russia advances nuclear-powered missile systems, the United States pursues concepts such as the Golden Dome and China moves forward with plans to establish bases on the moon.

Technological transformation has become a defining feature of contemporary warfare, with drones, satellites and AI-enabled precision weapons increasingly dominating military engagements. The 12-Day War between Israel and Iran, as well as the four-day clashes between India and Pakistan, highlighted a model of air-centered warfare that largely circumvented traditional ground combat. At the same time, Russia's stalled campaign in Ukraine has accelerated the global shift toward highly autonomous and remotely operated weapons systems. This evolution, combined with rising nationalist tendencies, is reshaping military doctrines worldwide, placing significant strain on the economies of weaker states while simultaneously empowering major arms manufactur-

ers. In this context, arms control mechanisms have steadily eroded, relegating conflict management and restraint to a secondary position in international security calculations.

On the nuclear front, competition has intensified despite a relative de-escalation in political rhetoric. Throughout 2025, Russia tested and deployed advanced systems such as the Burevestnik nuclear-powered cruise missile and the Poseidon underwater torpedo, while the United States pursued extensive modernization of its nuclear arsenal and China continued to advance its intercontinental ballistic missile capabilities. Collectively, these developments have expanded the scope of nuclear threats beyond traditional Cold War parameters. In the United States, the Golden Dome missile defense system has faced persistent technical and financial obstacles, and a proposed \$900 billion defense package has remained stalled in Congress. Although advanced simulation technologies have reduced the need for live nuclear testing, any such test by Washington would likely yield greater strategic benefits for its rivals. Against this backdrop — marked by stalled negotiations over the Russia-Ukraine conflict and renewed, yet fragile, commitments by

the five permanent members of the UN Security Council to future arms control — strategic instability is expected to deepen in 2026.

With regard to developments involving religious institutions, ideological movements and the global far right, 2025 witnessed a noticeable expansion of far-right influence, particularly in the United States following Trump's rise to power, and across several European states. In Germany, for example, growing public concern over the possibility of far-right political ascendance has prompted efforts to develop institutional safeguards rather than relying solely on social trust. Elsewhere, extremist groups in India and Israel have continued to target Muslim holy sites, exacerbating religious and sectarian tensions. In Egypt, the extreme nationalist Kemet movement has gained greater visibility during the year, directing its rhetoric and actions against foreigners, Arabs and neighboring countries. Collectively, these trends underscore the sustained presence and growing appeal of extreme populist movements worldwide, providing them with the conditions for continuity and expansion.

At the level of religious institutions, Pope Leo XIV succeeded Pope Francis

as head of the Vatican and led notable activity throughout the year aimed at promoting rapprochement among the major Christian denominations — Protestant, Orthodox and Catholic — by opening channels of dialogue with all of them. Despite these efforts, meaningful reconciliation among the churches remains difficult, given the longstanding legacy of deep theological and doctrinal disagreements that continue to shape interdenominational relations.

Within the Islamic sphere, Syria witnessed the appointment of a new grand mufti alongside the enactment of a new law through which President Ahmed al-Sharaa has sought to reconcile the country's diverse Islamic currents — Salafist, Ash'ari and Sufi — in a rare and exceptional moment of relative consensus. In Egypt, by contrast, sharp disagreements emerged between Al-Azhar and the Ministry of Religious Endowments (Awqaf) over the law regulating the issuance of fatwas. The Awqaf attempted to draft and manage the law independently of Al-Azhar, while the latter insisted on its exclusive authority to define eligibility for issuing fatwas on public and private matters, to train those selected by the Awqaf and to revoke their qualifications if neces-

sary. Subsequently, the Awqaf cooperated with the Military Academy to train imams and preachers according to new concepts and to grant them an academic qualification equivalent to a doctorate from the academy, a move widely seen as reinforcing the role of the Awqaf at the expense of Al-Azhar's traditional authority.

At the level of extremist groups, both the Islamic State of Iraq and Syria (ISIS) and al-Qaeda remained active in parts of Africa, while their presence in Syria, Iraq and the broader Middle East was notably limited during the year. Their continued activity is expected primarily in African theaters, given the prevailing political, security and economic conditions, while their influence is likely to decline further in the Middle East. With regard to Islamist groups, there has been a clear trend within the US administration toward designating the Muslim Brotherhood (MB) as a terrorist organization, alongside Jordan's formal ban of the group. This development coincides with the continued fragmentation of the Egyptian MB, the absence of centralized control over religious discourse and the strong likelihood of further internal divisions amid the lack of any visible prospects for organizational consensus.

Regional Dynamics

With regard to regional developments, the ASR discusses key issues with direct implications for balances of power, deterrence equations and the overall state of regional and international peace, security and stability. These issues carry strategic significance that extends beyond the regional sphere into the global arena.

The "Arabian Gulf at the Heart of the Regional and International Equation" sets the backdrop of an exceptionally turbulent and volatile regional and international environment. Throughout 2025, the Gulf states collectively strengthened their relations with influential powers, leveraging their growing political, economic and diplomatic weight — an influence that has become central to the calculations of major global actors. As a result, the Gulf emerged as an active and influential Arab center of gravity, driven by its substantial financial support for Syria, its assistance to Lebanon to restore sovereignty, its expanded role in de-escalation efforts and crisis management across the Middle East, its engagement in halting ongoing wars and its mobilization of international support for recognizing the State of Palestine as a step toward re-

solving one of the region's most enduring sources of conflict.

The Gulf states have also made notable progress in entrenching positive neutrality and a zero-problem approach as a core principle of both their interrelations and foreign policies, driven by an increasing realization that containment is more effective than escalation. This orientation is evident in their carefully balanced relationship with the United States, framed around partnership rather than dependency, alongside a steady expansion of engagement with Asia as a rising center of global economic gravity. Together, these dynamics signal the transformation of the Gulf countries into strategic actors seeking to foster a less volatile regional environment that supports sustainable growth and long-term stability. The same logic has governed recent tensions between Saudi Arabia and the UAE, which have remained confined to a managed framework and have not crossed into open rupture. This trajectory is expected to persist, with the Gulf states poised over the next five years to emerge as a hub of regional strategic decision-making capable of exerting more direct and effective influence on global power balances, a role made possible by the political awareness of Gulf leaderships, their

capacity to convert resources into external leverage and the region's pivotal geopolitical position.

Among the most prominent regional developments, the revival of the Israeli expansionist project in the Middle East is set against the backdrop of the expanding geopolitical ambitions of the right-wing government led by Benjamin Netanyahu. These ambitions have been fueled by Israel's perceived success in dismantling the Iranian regional proxy network, achieved through the weakening of Hezbollah in Lebanon, the effective exclusion of Syria from Iran's geopolitical orbit, the erosion of Hamas' military capabilities in Palestine, the curtailment of Houthi pressure on Israeli interests and the cumulative exhaustion of the Iranian ruling system, which now finds itself in a complex strategic dilemma. For Israel's far-right factions, this moment is a historic opportunity to realize long-held biblical and ideological visions of regional dominance, particularly after degrading Iran's military reach and disrupting its arms infrastructure. Accordingly, Israeli decision-makers have sought to resurrect the longstanding "Greater Israel" project, which has shaped Israeli strategic thinking for decades.

This approach has manifested in efforts to alter the demographic reality of Gaza as a prelude to forced displacement toward Egypt's Sinai Peninsula and Jordan, alongside intensified military actions aimed at fragmenting the West Bank. This is along with deliberate escalation toward Arab states to test regional red lines and assess the seriousness of Arab opposition to Israeli geopolitical ambitions, as evidenced by heightened Israeli violations in Syria and Lebanon, attempts to provoke Egypt, proposals to resettle Palestinians in Saudi Arabia and the targeting of Hamas leaders in Doha. Nevertheless, this expansionist trajectory has encountered a firm Arab response that has challenged Israeli ambitions and reaffirmed commitment to a comprehensive and lasting regional peace, a stance that contributed to halting the war in Gaza amid growing international momentum toward a two-state solution, driven by coordinated Arab efforts in general and Saudi diplomacy in particular. Yet, as long as the current far-right government remains in power, Israel is expected to continue undermining existing peace frameworks, including the Trump plan, with persistent violations in Syria and Lebanon, leaving future scenarios oscillating between renewed escalation that reactivates the

expansionist project and a phase of relative calm contingent upon Netanyahu's exit from power and the emergence of a cohesive Arab alignment with key regional actors — most notably Türkiye — to counter Israeli policies more effectively.

The ASR also addresses Türkiye's geopolitical repositioning across multiple regions, aimed at redefining Turkish power at both the regional and international levels amid profound shifts in global power and influence. Since the eruption of geopolitical conflicts in Eurasia and the Middle East, major powers have become increasingly absorbed in managing crises to safeguard their interests and preserve their international standing. This preoccupation has generated strategic vacuums and opened autonomous maneuvering space for Ankara, enabling it to expand its regional footprint and enhance its global influence with a degree of independence from Western pressures that was less attainable in previous phases. Within this context, Türkiye has embarked on a new strategic chapter in Syria, repositioning itself within the vacuum left by Iran through expanding its military presence and constructing new corridors as part of a broader Turkish strategy to re-engineer energy routes across the

Middle East. At the same time, Ankara's relations with Arab and Gulf states have taken on deeper strategic dimensions, contributing to constraining Israeli expansionist ambitions and embedding Türkiye within emerging regional balancing frameworks.

Concurrently, Türkiye has advanced toward a longstanding strategic objective: resolving the historical Kurdish issue through a revised security-centered approach that directly links Kurdish dynamics to Turkish national security. Ankara has exerted coordinated pressure on Kurdish actors both domestically and beyond its borders, compelling dissolution and political integration within official state institutions in Türkiye and Syria. This approach has aimed to end a decades-long source of internal exhaustion and to redirect state resources toward broader geopolitical repositioning in the Middle East and the Caucasus. These efforts have culminated in unprecedented developments, most notably the Kurdistan Workers' Party's (PKK) announcement of its intention to dissolve and abandon armed struggle, alongside the Syrian Democratic Forces' (SDF) acceptance of integration into Syrian state institutions. This represents a historic shift that effectively closes more than four decades of armed

confrontation with Türkiye and stands as one of the most significant achievements of Ankara's strategic engineering to neutralize the enduring Kurdish security challenge.

ASR projections suggest that Türkiye's geopolitical positioning will enter a more consolidated and institutionalized phase, centered on transforming expanded power into functional centrality within both regional and international systems. This transformation is expected to grant Ankara enhanced bargaining leverage in critical domains such as energy security and regional stability. Moreover, Türkiye's role is anticipated to evolve toward a phase of strategic emancipation, marked by substantive advances in defense autonomy and military-industrial expertise, while deliberately avoiding direct confrontations that could erode accumulated gains. Crucially, this trajectory is reinforced by Arab political cover — particularly from the Gulf states and Egypt — which provides regional legitimacy to Türkiye's expanding role and shifts competition from a unilateral Turkish challenge into a broader balance-of-power equation. Within this framework, Türkiye is increasingly positioned as a mature regional power, capable of shaping strategic balances, in-

fluencing energy and security pathways and converting its military and technological advantages into sustained political influence within a rapidly transforming international order.

The ASR also analyzes the most salient African geopolitical developments. In 2025, several African states sought to position themselves as negotiating actors on the international stage, leveraging the growing prominence of capitals such as Lagos, Nairobi and Johannesburg. As such, African summits transformed from largely symbolic gatherings into practical platforms for executing strategic agendas. Through these forums, African leaders have demanded financial packages conditioned on technology transfer and greater local participation in project implementation, reflecting a strategy of "balanced maneuvering" aimed at modifying financing terms and reducing dependence on external powers. Awareness is rising across the continent regarding the strategic value of Africa's rare minerals and resources within global industries and supply chains, fostering a new political discourse that challenges Western dominance. This discourse links Africa's resources to the stability of the global economy, seeks historical justice for the colonial period and po-



sitions infrastructure development as both a geoeconomic lever to integrate the continent into global supply chains and a strategic imperative for regional connectivity.

Despite these ambitions, Africa continues to confront severe internal challenges. The year 2025 witnessed a new phase of coups, highlighting the persistent fragility of ruling regimes and their inability to address complex structural issues. The Grand Ethiopian Renaissance Dam (GERD) crisis was inaugurated, marking a turning point in relations between Ethiopia and Egypt. Meanwhile, the Sudanese civil war entered a phase of radical realignment: the national army consolidated its influence over central and eastern regions, while the Rapid Support Forces (RSF) tightened their control over Darfur, capturing El Fasher and declaring a parallel administration in Nyala.

Looking ahead, developments across Africa can be assessed through three overlapping scenarios, reflecting the interplay between ambition, conflict intensity and external influence. The first scenario envisions the emergence of industrial clusters across the continent, where countries achieve technological and economic transformation and gain global integration. The second scenario anticipates the escalation of conflicts and the militarization of African geography, as rival actors seek control over rare minerals and strategic resources. The third scenario highlights the continuation of development and economic disparities, in which some countries progress while others succumb to fragility, driven by civil wars and international interventions aimed at resource control.

The 2025 round of confrontations between India and Pakistan is also considered in the ASR. The conflict unfolded against a backdrop of deep-seated mistrust, internal turmoil and broader regional and international geopolitical shifts. Historical flashpoints — particularly Kashmir, cross-border insurgency and enduring mutual suspicion — continued to shape the escalation and management of conflict. India emphasized its narrative of national security and

the stabilization of Jammu and Kashmir in the post-2019 era, despite criticism from human rights organizations. Pakistan, meanwhile, faced profound internal challenges, including economic pressures, political instability and widespread protests, which heightened the sensitivity of its foreign policy toward Indian actions. These domestic pressures were also compounded by regional dynamics, including the Pakistani Taliban (TTP) insurgency, India's expanding ties with Kabul, strained India-US relations and growing defense cooperation between China and Pakistan.

The culmination of these factors was evident in India's Sindoor operation targeting sites inside Pakistan, followed by Pakistan's retaliatory Operation Bunyan-un-Marsoos (Solid Foundation). The confrontations included days of intensive air and missile strikes, rapid troop deployments and information warfare. Eventually, both sides halted fighting through back-channel military and diplomatic communications. The crisis highlighted a shift in the regional balance of power: India accelerated the modernization of its military capabilities, while Pakistan strengthened its military command structures. External powers played a significant role in

mediation, shaping the limits of escalation and helping avoid a protracted war. Nonetheless, the underlying issues remain unresolved, and the region continues to face structural volatility.

Looking ahead to 2026, South Asia is likely to remain highly sensitive to conflict triggers. Armed threats, geopolitical rivalries and unresolved historical disputes suggest the potential for intermittent escalation, despite ongoing political messaging and deterrence efforts on both sides.

The section entitled "Azerbaijani-Armenian Peace and the Reshaping of the Geopolitical Map of the South Caucasus" examines the landmark diplomatic breakthrough mediated by Trump in 2025, which ended a 35-year conflict between Azerbaijan and Armenia. The two countries signed a historic peace agreement at the White House, encompassing a permanent cessation of hostilities, the opening of the Zangezur Corridor and the normalization of diplomatic and trade relations.

This agreement was not merely a US effort to resolve one of the world's longest conflicts; it marked the United States' strategic entry into shaping the future of regional transport and trade corridors in the South Caucasus. Washington secured a 99-year devel-

opment and investment plan for the corridor, enhancing US influence in the region while weakening Russian leverage, geographically constraining Iran and obstructing the progress of China's cross-border initiatives.

Several factors support the sustainability of this peace process. US sponsorship provides Armenia with long-term security guarantees and reduces its reliance on Iran and Russia, particularly given Russia's preoccupation with the war in Ukraine and Iran's exposure to US sanctions. Moreover, economic incentives from the corridor are expected to benefit Armenia and Azerbaijan alike. Türkiye also fully supports the project, as it strengthens Ankara's geopolitical position by connecting it by land to its Azerbaijani ally and onward to the Caspian Sea and Central Asia.

Nonetheless, the corridor faces multiple challenges. Financial and logistical obstacles, domestic political dynamics in Armenia and the intersection of major powers' geostrategic interests — especially Russia, Iran and China — pose risks to its smooth implementation. While these powers are unlikely to take overtly escalatory measures, they may continue to oppose a US presence near their borders and will closely monitor the project's progress.

Future developments in the South Caucasus will depend on broader geopolitical dynamics. A cessation of the Russia-Ukraine war and a US-Iran agreement on the Iranian nuclear program could incentivize Russia and Iran to participate in the corridor, provided Washington offers guarantees that align with their strategic interests. In this context, the Zangezur Corridor represents not only a peace-building initiative but also a central node in the evolving balance of power in the South Caucasus.

In light of emerging regional trends, several issues are expected to dominate in 2026, including the ongoing conflicts in Gaza, Lebanon and Syria, the evolving tensions between Israel, the United States and Iran, developments in the Red Sea region, Africa, the Indo-Pacific, the Taiwan Strait and potentially Latin America, given escalating frictions with the United States.

Iran Overview

The third part focuses on Iran's domestic and foreign affairs. The 12-Day War produced two major discourses on Iran's political landscape. The first, adopted by "hardliners," is confrontational, advocating changes to the nuclear doctrine and the pursuit of nuclear

weapons. The second, supported by "reformists," experts and former officials, calls for comprehensive reforms and a "change of the prevailing model" across governance, foreign policy and domestic strategies, aiming to prevent Iran's gradual collapse through structural adjustments rather than confrontation. "Hardliners," however, rejected these "reformist" calls as treasonous for advocating surrender to the enemy. This clash of views indicates that "conservatives" are likely to tighten their security grip to suppress "reformist" voices in the coming period. Nevertheless, the ongoing protests that began in late December 2025, driven by deteriorating economic and living conditions, suggest that Iran may experience profound domestic transformations in 2026.

Regarding the Iranian economy, the situation before the June 2025 war with Israel was fragile, rooted in structural crises accumulated over seven years of sanctions and economic imbalances. The Iranian currency had lost approximately 95% of its value since 2018, inflation rates had exceeded 40% annually, poverty was spreading and the middle class was shrinking by 11% per year. These economic strains were compounded by parallel crises, including

severe droughts, brain drain and capital flight.

While Israeli strikes inflicted immediate economic shocks, they also amplified existing crises, affecting the currency, inflation, economic growth and multiple sectors. The value of the toman plummeted by over 11% within days, with the dollar surpassing 95,000 tomans, and the stock exchange closed after record losses. Direct infrastructure damage was estimated at no less than \$10 billion, potentially reaching tens of billions, in addition to a loss of approximately \$1.4 billion in oil export revenues. Food prices rose by roughly 10% in a single month, and nearly 4,000 homes and buildings were damaged, with widespread disruption to supply chains and daily life.

The economic consequences extended beyond the immediate aftermath, persisting through the end of the year. Confidence in the domestic economy eroded further, compounded by intensified sanctions — both UN and European — and fears of renewed clashes with Israel or the United States. These pressures pushed Iran's economy into stagflation, deepening poverty and hardship across all social segments. By the end of 2025, the dollar had exceeded 140,000 tomans, with projections sug-

gesting it could reach 180,000 tomans in 2026. The escalation of popular protests in early 2026, alongside strained relations with the United States and Israel, foreshadows continued economic instability unless a decisive shift occurs in Iran's domestic and foreign policies.

On the intellectual and religious fronts, post-war Iran faces two interrelated challenges. The first concerns the post-Khamenei era. Supreme Leader Ali Khamenei and the first generation of the revolution have reached advanced age, diminishing their awareness of the rapidly evolving domestic and international strategic landscape. Meanwhile, the younger generation has expressed discontent with the economic and social policies of the ruling elite and appears to aspire to a rational, constitutional form of governance. Iran's theocracy is preparing for the post-Khamenei phase, a process marked by emerging conflicts. Notably, "conservatives" have accused former President Hassan Rouhani of seeking the position of supreme leader, highlighting tensions within the political-religious hierarchy.

The second challenge relates to the continued authorization of fatwas permitting the assassination of Trump as an "enemy of God and His Messenger," in an attempt to deflect attention from

the profound crises affecting the daily lives of Iranian citizens and to rehabilitate the image of the ruling elite, which had been severely tarnished by the war.

Consequently, Iran's manifold crises are expected to persist in the near term due to the leadership's inability and unwillingness to implement genuine solutions. This is compounded by intellectual stagnation and aging among the top leadership, mounting international pressure, the weakening of Iran's regional proxies and the erosion of domestic legitimacy caused by worsening economic conditions and the security apparatus' restrictive policies toward women and youth. Simultaneously, there is a conspicuous absence of any sincere effort to conduct strategic reviews at the ideological or policy levels.

Regarding the repercussions of the war and the strengthening of military and security systems, the June 2025 confrontation with Israel exposed significant deficiencies in Iran's defense and intelligence apparatus. Iranian air defense failed to protect key military and nuclear facilities from Israeli and US strikes, while targeted assassinations and covert operations highlighted the depth of foreign infiltration. In response, Tehran has initiated efforts to dismantle spy networks, enhance

its intelligence capabilities and rebuild missile programs based on decades of accumulated expertise. Nonetheless, Iran remains dependent on allies, particularly Russia, which has been slow in supplying advanced fighter jets like the Sukhoi Su-35 and state-of-the-art air defense systems. These limitations leave Iran vulnerable to renewed Israeli assaults.

On the domestic front, the revival of nationalist rhetoric and internal cohesion has emerged as a key dynamic. Public opposition to the war in June 2025 contributed to the establishment's ability to withstand the military confrontation with Israel. However, social cohesion remains fragile. The demonstrations in December 2025 revealed vulnerabilities that the United States and Israel are likely to exploit, aiming either to catalyze change within the Iranian political system or to pressure it into modifying its behavior.

The Iranian establishment has relied on a range of methods to achieve its objectives, most prominently the deployment of nationalist rhetoric, despite its inherent contradictions with many of the establishment's core ideological principles. This rhetoric, however, finds resonance among certain social segments that oppose the state's ideo-

logical orientation, creating a limited basis of common ground. The primary challenge for Tehran lies in its reliance on nationalist narratives alone, without implementing fundamental political reforms for sanctions relief and improved economic and living standards.

Regarding Iran's interactions with its Arab neighbors, particularly in the context of the 12-Day War which tested Gulf-Iran relations, Saudi-Iran relations moved from open confrontation to a phase of managed tensions, reflecting the significance of the March 2023 reconciliation agreement which emphasizes dialogue and de-escalation. The April 2025 visit of the Saudi minister of defense to Tehran underscored the kingdom's commitment to diplomacy and its pursuit of direct high-level channels to prevent miscalculations with potentially destabilizing consequences. Nevertheless, Iran's targeting of Al Udeid Air Base in Qatar signaled a negative turn, reinforcing the primacy of security concerns regarding Iranian behavior and heightening Gulf skepticism over the sincerity of Tehran's commitments. The resurfacing of the UAE islands crisis, amid inconsistencies in Iran's approach, further exemplifies Tehran's tendency to respond to Gulf calls for adherence to international law with es-

calatory measures, even under growing international pressure and sanctions, as the Gulf's role on the European and global stage continues to expand.

Concerning Iran's role in Yemen, throughout 2025 Tehran continued to treat the Houthis as its most strategic asset in the Red Sea. It pursued a calculated mix of escalation and de-escalation vis-à-vis both the United States and Israel, as reflected in the Houthi-US agreement and Iran's supportive stance toward it. Houthi operations — though limited in effectiveness against Israel — provided strategic gains, enhanced political leverage and allowed significant maneuvering room, while simultaneously deferring the requirements for a comprehensive internal Yemeni peace. The UAE's withdrawal from the Yemeni theater, following the cancellation of the joint defense agreement with the Yemeni government after the escalation by the UAE-backed Southern Transitional Council (STC) in the eastern governorates, marks a pivotal turning point. This withdrawal strengthens the cohesion of Yemen's legitimate government and consolidates efforts to confront the Houthis' influence in northern Yemen, shaping the strategic balance in the Red Sea and the broader Gulf arena.

Regarding Iran's efforts to preserve its influence in Iraq, the ASR analyzes Tehran's multidimensional strategy amid successive US and Israeli statements identifying Iraq as the next arena for curbing Iranian influence after Lebanon, Yemen and Syria. Iran sought to integrate the Popular Mobilization Forces (PMF) into the Iraqi army, focusing on administrative coordination, command structures and uniforms, while simultaneously bolstering its military presence. Allegations emerged of Iran using violence and targeted assassinations against Sunnis, alongside exerting legislative influence in the Iraqi Parliament to amend the PMF law in its favor. US measures to counter Iranian influence in Iraq included efforts to dissolve the PMF under the Free Iraq from Iran Act, the appointment of a special envoy to address uncontrolled weaponry and the election of a prime minister aligned with US interests to strengthen US-Iraq economic and trade relations. The eventual withdrawal of the PMF bill in the Iraqi Parliament, coupled with the Iraqi government's shift away from Iranian influence, opened a window for a Turkish role. Consequently, Iran's influence on Iraqi decision-making is likely entering a phase of stagnation or decline, at least until the end of Trump's second term, marking a new stage of fundamental transformations in Iraq shaped by the

most influential and effective actors on the domestic scene.

Regarding Hezbollah, 2025 witnessed a qualitative escalation of pressure on Tehran concerning the group's arsenal, as the issue shifted from a domestic Lebanese matter to a regional and international tool of leverage. Combined US and Israeli pressures, alongside political shifts within Lebanon, sought to consolidate weapons under state control, narrowing Iran's strategic maneuverability and increasing the cost of sustaining Hezbollah's military capabilities. Despite targeted strikes, financial pressures and the loss of senior leadership figures, Iran remained committed to maintaining Hezbollah's weapons, viewing them as a key deterrent against Israel and an essential lever of influence in Lebanon and the broader region, even amid rising economic and political burdens. Trends in 2025 indicate that Iran is moving toward a "stabilization with adaptation" approach, maintaining Hezbollah's core military capabilities while exercising limited tactical flexibility to contain external pressures and prevent them from escalating into a full-blown crisis that could threaten Iran's regional influence.

Regarding regional and international powers, Iran-Pakistan relations made notable progress during and after the 12-Day War, when Islamabad provided diplomat-

ic support to Tehran during the conflict with Israel. This support helped overcome the tensions that had marked relations between the two countries in the previous year. However, divergences in interests, particularly in relation to the United States, limited Pakistan's responsiveness to Iran's military needs. Disagreements persisted over security threats along the shared border, including the Baloch issue and smuggling, as well as Pakistani concerns regarding Iranian influence through the Shiite minority. Consequently, Pakistan-Iran relations are expected to continue fluctuating between cooperation, competition, and even conflict, reflecting the complexities imposed by geographical proximity and intersecting regional interests.

Regarding the fragile the Israeli-Iranian ceasefire, the 12-Day War ended with a US-brokered agreement, though renewed clashes remain a possibility. The losses incurred by Iran are considered strategic, with long-term negative repercussions for the establishment and Iranian society. Conversely, the losses suffered by Israel are largely tactical, affecting society directly in economic and civilian terms rather than undermining state power. Key shifts in conflict dynamics include Israel's cyber and technological superiority, the dominance of the extreme right wing

within its government and the alignment of Israeli and US policies. Factors most likely to trigger the end of the ceasefire and a return to hostilities include Netanyahu's potential attempt to export domestic crises abroad, exploit vulnerabilities in the Iranian establishment and the "Axis of Resistance" and pursue the destruction of Iran's missile program.

Several factors could prevent Israel and Iran from returning to open warfare. For Israel, domestic fragility represents a significant constraint, stemming from the disastrous economic and security repercussions of the extreme right's geopolitical ambitions, alongside fears of a popular uprising fueled by discontent and frustration over renewed conflict. For Iran, strategic, economic, military and political considerations weigh heavily: the painful losses sustained in the 12-Day War have weakened deterrence and disrupted the regional balance of power; key economic indicators have sharply declined; the country's defense system remains vulnerable to formidable US and Israeli air forces; and the establishment's inner circle is acutely aware of the possibility of political collapse.

Regarding Iran's relations with Russia and China, both countries, considered strategic allies by Tehran, offered little support during the war. Moscow and Bei-

jing opted for neutrality, limiting their support largely to condemnation and acknowledging Iran's right to self-defense. Even when Russia went beyond mere rhetoric, such as when President Putin offered to mediate, it did not go beyond self-serving neutrality, generating anger among the Iranian elite, who perceived Moscow's stance as a betrayal. Despite this, as per critics, nuclear pressures and intensified international sanctions compelled Tehran to resume coordination with both countries, seeing them as its primary strategic pillars to confront sanctions, manage nuclear pressures and deepen integration into non-Western political and economic structures. Given these dynamics, Iran's relations with Russia and China are expected to remain unchanged, reflecting Tehran's limited options: constrained between an adversary demanding surrender and allies providing only minimal support.

Concurrently, European powers aligned with the US approach and activated the snapback mechanism in September 2025. This development was driven by multiple factors, including heightened ambiguity over Iran's nuclear program — exacerbated by increased enrichment levels — and security operations within Europe targeting Iranian dissidents. Alongside longstanding strategic concerns, Europe also faces other issues of significant impor-

tance: ongoing Iranian-Russian military cooperation in Ukraine, Chinese and Russian diplomatic backing for Iran within the UN Security Council and the risk of a renewed military confrontation between Iran and Israel with potential implications for global oil markets and migration flows. Taken together, these factors have led European policymakers to favor a strategy focused on containing the Iranian establishment, and to uphold a multilateral framework for managing Iran's nuclear program.

The US strikes on Iran's military facilities during the 12-Day War marked a major escalation in hostilities that have persisted since 1979. These strikes shifted the dispute into the realm of open military confrontation, reflecting both Trump's hardline policy toward Tehran and concerns that Iran was closer than ever to acquiring a nuclear weapon. In the aftermath, the Iranian leadership confronted an unprecedented strategic challenge. While the establishment attempts to avoid collapse and survive through a policy that combines hardship with selective flexibility, this dual approach — unlike past strategies — may ultimately jeopardize its survival unless it chooses at a decisive moment to relinquish some of its gains in pursuit of its central objective: preserving the clerical establishment.

Saudi Arabia in Review

The fourth part of the ASR examines strategic directions in Saudi policy in which 2025 is seen as a turning point in the development of the Saudi model — a conception of statecraft that seeks to balance internal stability, development goals and an influential regional and international role. The report finds that what has been labeled the “Saudi rise” is not the product of a momentary response to crises but of a cumulative process that has redefined the kingdom’s priorities, tools and the scope of its strategic actions.

Domestically, Saudi Arabia has moved decisively from a foundational stage toward maximization and efficiency. This shift is evident in the restructuring of the economy, a reduction in dependence on oil, the growth of non-oil revenues, the kingdom’s rising appeal to global investors and progress in specialized sectors such as AI and defense. The annual royal address delivered by the Crown Prince Mohammed bin Salman at the opening of the Shura Council in September 2025

provided a political record of this transformation, articulating the pillars of national progress as a guiding framework for public policy.

Regionally, the kingdom has demonstrated a remarkable capacity to navigate a volatile and turbulent environment — from the war in Gaza and its far-reaching consequences to Iranian-Israeli tensions and developments across Syria and other Arab crisis zones. Saudi Arabia’s role has extended beyond merely containing these repercussions, encompassing efforts to reshape international discussions, particularly on the Palestinian issue. Through sustained diplomacy, the kingdom achieved a tangible breakthrough in the positions of major European countries regarding a two-state solution, foregrounding the issue at the highest levels.

On the global stage, Saudi Arabia’s rise was marked by the recalibration of its partnership with the United States, highlighted by the Saudi-US summit in May 2025 and Crown Prince Moham-

med bin Salman’s visit to Washington in November. These engagements yielded strategic agreements and partnerships in future-oriented sectors. The ASR emphasizes that this partnership was not the result of transient circumstances or political favors, but rather a convergence of interests, demonstrating that national interest has become the primary driver of Saudi policy, both domestically and internationally, in a world increasingly defined by competition and uncertainty.

In conclusion, 2025 was not merely a year of isolated achievements for Saudi Arabia; it was a year of redefining the kingdom’s position and role as a rising power with a clear vision, diverse tools and an increasing ability to convert challenges and transformations into strategic opportunities.

PART I

Global Dynamics

The international arena witnessed numerous significant developments in 2025, most prominently Donald Trump's return to the White House, which profoundly impacted US domestic affairs and reshaped relations among the major powers. These pivotal outcomes were accompanied by evolving shifts across the economic, security and cultural domains. Our 2025 Annual Strategic Report (ASR) reviews the key features of these developments and forecasts near-term trends in global policy for 2026, structured around a series of core issues and trajectories as follows:

- Trump 2.0 and Unconventional US Policy Directions in 2025
- Calculated US-China Escalation and Its Implications for Dynamics in the Indo-Pacific
- The Russia-Ukraine War: Peace Efforts and Conflagration Risks
- Global Aspirations for Supremacy in Non-Traditional Domains
- The Global Economy in 2025: Review and Outlook
- Religious Establishments, Ideologized Groups Between Stagnation and Change

Trump 2.0 and Unconventional US Policy Directions in 2025

The 2024 ASR assessed that a return of Donald Trump to the presidency would see him press ahead with his agenda and honor commitments made to his political base, triggering what it described as a domestically “corrective” action. This would involve stricter positions on core issues such as immigration, a retreat from green policies, expanded authorization for oil exploration and a renewed reliance on traditional energy sources. The report cautioned that such a trajectory could intensify polarization and undermine public trust in institutions and the political system, placing US democracy —and potentially the cohesion of the nation itself — under serious strain.

In foreign policy, the report anticipated a more assertive and uncompromising posture shaped by the “America First” doctrine, including the pursuit of a trade war with China. It projected greater pressure on US allies through demands for increased defense spending and the imposition of higher tariffs. At the same time, Trump was expected to strengthen ties with the Gulf states and deepen support for Israel, while escalating pressure on US adversaries, particularly Iran and its regional allies.

The report also suggested he could reduce support for Ukraine in an effort to reach a breakthrough with Russia, within a conceptual framework of “peace through strength.”

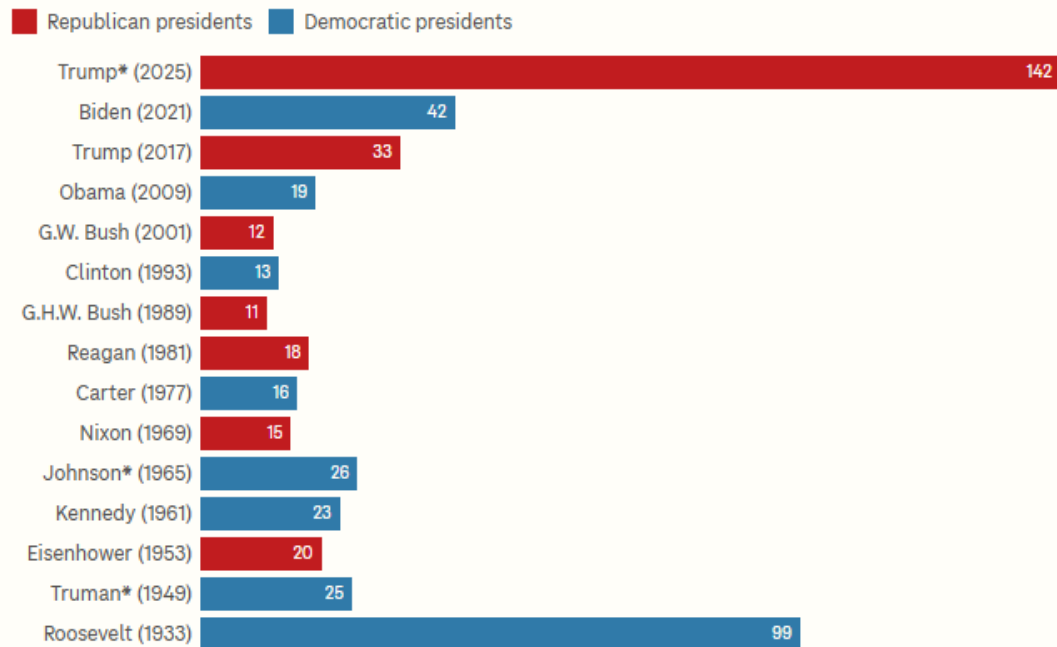
From the moment he entered the White House, Trump moved swiftly to implement his policies —described as “corrective” — in all their dimensions. In doing so, his policies unsettled the very foundations of the international order that the United States itself had helped to build. This section examines the principal trajectories of US policy under a second Trump presidency (Trump 2.0), their repercussions and the dynamics unleashed at both the domestic and international levels. It seeks to distill the most significant conclusions and consequences, while also attempting to anticipate their future trajectories and impacts.

The section discusses five key topics: first, Trump’s authoritarian tendencies and the crises within the United States; second, the “America First” doctrine and the direction of US foreign policy; third, US “coercive diplomacy” and its implications for world peace; and fourth, Trumpism and the intensification of the challenges facing the rules-based international order.

Trump’s Authoritarianism and the United States’ Domestic Challenges

Through a succession of decisions and announcements issued via his Truth Social platform, and with an intensity rarely matched by his predecessors, Trump launched his new term. This approach highlighted his determination to deliver on the reforms he had pledged to his supporters — reforms intended to reshape the political, economic and social landscape in line with the slogan of Trump and his conservative right-wing movement, “Make America Great Again” (MAGA). At the same time, he moved to assemble his administration, selecting officials and adherence to his agenda, seeking to avoid the internal disorder that marked his first term. The following figure presents a comparison of the number of executive orders signed by Trump during his first 100 days with those issued by his predecessors.

Immigration emerged as Trump’s foremost priority, with his explicit mass deportation agenda marking a stark departure from convention. This policy was enforced with exceptional rigor, largely sidelining security and humanitarian considerations, and led to an unprecedented decline of between 94% and 96% in migrant crossings at

Figure 1.1: Executive Orders Signed in First 100 Days of Recent Presidencies**Executive orders signed in the first 100 days****Notes**

* Data is only for newly-elected presidents. Gerald Ford, who took office following Richard Nixon's resignation, is not included. Figures for Johnson and Truman, who both took office after the deaths of their predecessors, reflect the first 100 days of their full first terms. The total for Trump's second term reflects executive orders signed through April 28, 2025.

Source: Domenico Montanaro, "10 Key Numbers That Sum Up Trump's First 100 Days," NPR, April 29, 2025, <https://bit.ly/4q74AvJ>.

the southern border. By September 2025, 55% of Americans identified immigration policy as the most favorable aspect of his presidency, despite widespread expectations that it could harm the labor market and fuel increases in xenophobia and crime, amid the racist

rhetoric that accompanied this organized campaign — which also drew in the US military.⁽¹⁾

Trump also pursued structural reforms aimed at curbing government spending through an initiative known as the Department of Government

Efficiency (DOGE). He entrusted leadership of this effort to billionaire Elon Musk, a major campaign donor who had played a significant role in Trump's electoral victory. Musk, working alongside a group of prominent investors and billionaire entrepreneurs associated with the MAGA movement, designed the initiative with the ambitious objective of cutting \$2 trillion from the federal budget and fundamentally reshaping the United States' economic and administrative structure.

Although Trump initially supported the project, its concrete outcomes proved limited, yielding a reduction of only about half a percent in federal spending. The initiative nevertheless resulted in the elimination of thousands of federal jobs and billions of dollars in cuts to foreign aid and other programs, causing significant disruption across federal agencies. Ultimately, escalating policy disagreements culminated in Musk's removal following the deterioration of his relationship with Trump. The rupture centered on the president's endorsement of legislation he dubbed "The One, Big, Beautiful Bill Act" which combined tax cuts with substantial increases in government spending — an approach Musk argued

directly undermined the core objectives of his mandate.

Conversely, Trump sought to align congressional authority with his policy agenda. He exercised considerable influence over the Republican-dominated legislature, which largely endorsed his decisions with minimal scrutiny. In several instances, he was seen as encroaching on congressional prerogatives, including authorizing US military actions against boats in the Caribbean that bypassed local legal frameworks, among other measures. Trump also signaled plans to entrench prolonged Republican control of Congress to secure sustained backing for his policies, including through interventions in the redrawing of electoral districts in swing states or those governed by Democrats. These efforts intensified following his confrontations with Congress — particularly with Democrats — culminating in the longest government shutdown in US history.

In addition, Trump sought to extend his influence over the judiciary by intervening in the work of the Department of Justice and using his authority to settle scores with investigators who had examined his conduct after the end of his first term. He went so far as to replace judges who declined to align with his

decisions and policy positions, including those related to the deployment of federal troops in US cities. Beyond this, Trump launched a campaign against US universities, which he portrayed as centers of leftist and anti-Semitic ideology.

The president also attempted to employ the judiciary to pursue political and personal adversaries, targeting officials who opposed his policies, including prosecutors such as New York Attorney General Letitia James and Virginia Attorney General James Comey. He even used social media to urge Attorney General Pam Bondi to accelerate prosecutions against his opponents. Collectively, these actions posed a direct challenge to judicial independence and further expanded the reach of executive power. This trend became more pronounced after Supreme Court rulings enabled President Trump to broaden his authority, allowing him to downsize the federal bureaucracy, dismiss the heads of nominally independent agencies and exercise powers traditionally reserved for Congress. Moreover, a decision curbing the judiciary's ability to block presidential orders nationwide effectively granted the president wide latitude to implement his agenda with fewer legal and institutional constraints.

Furthermore, Trump sought to assert control over the media, suppressing critics and suspending television programs that challenged his policies. He also attempted to deploy the military and federal forces, targeting what he described as the “enemy within” to confront perceived crime and violence in specific cities. These forces were additionally called upon to implement his immigration policies, despite resistance from local authorities and court rulings against such measures. Analysts interpret these actions as an effort to secure military loyalty and ensure alignment with the president's personal agenda. This pattern was evident when Trump directed military personnel to respond to peaceful protests against his policies or to intimidate predominantly Democratic cities. It was further underscored by a meeting convened by the secretary of war, which brought Trump together with senior military leaders. The meeting followed the dismissal of several commanders, a presidential vetting process for top positions and Trump's personal interviews with candidates for senior military posts, reflecting his direct involvement in shaping the military hierarchy.⁽²⁾

Even traditionally independent financial institutions were not immune

to Trump's interventions. He launched a direct attack on the Federal Reserve, pressuring the central bank to lower interest rates to stimulate the domestic economy. When the Federal Reserve resisted this perceived interference, Trump accused its members of corruption in an effort to restructure the institution. These politically motivated actions likely contributed to the ballooning federal deficit, which surpassed \$27 trillion. In what was widely seen as an unprecedented overreach of presidential authority, Trump also attempted to remove Federal Reserve Chair Jerome Powell — a historic challenge, given that Fed governors serve 14-year terms designed to shield them from political pressure.

Trump's domestic agenda generated considerable controversy. Supporters argued he achieved notable successes, including securing billions for artificial intelligence (AI) infrastructure projects, supporting semiconductor manufacturing to boost employment and addressing immigration while enhancing the United States' global standing. Yet his policies also inflicted tangible harm on the labor market, with long-term employment effects remaining uncertain. Moreover, his tariff measures, intended to protect domestic industry, increased

production costs in sectors such as automotive manufacturing and raised food prices. The president's decision to lift restrictions on certain Brazilian imports — some reaching 40% — underscored that his economic strategy often lacked a coherent, institutionally grounded and strategic framework.

Over time, internal divisions and intense polarization intensified, accompanied by rising incidents of violence. This was exemplified by the assassination of right-wing activist Charlie Kirk and other politically motivated events, which heightened public fears of the president's authoritarian tendencies. These developments fueled widespread protests against Trump, with protestors chanting "No Kings" to denounce what they viewed as a personal rule lacking institutional foundations — a striking reality for a long-established democracy such as the United States.

Ultimately, Trump's first year in office concluded with a clear rebuke from voters, signaling that he was out of touch with public concerns over the deteriorating US economy. This warning manifested in the Democrats' decisive victory in the November 2025 elections, including Zohran Mamdani's win in the New York mayoral race and Democratic candidates securing majorities in

numerous local offices across several states, reflecting broad dissatisfaction with both the president and the Republican Party. For the first time during his term, Trump also confronted growing opposition from within his own party, with divisions emerging even within the MAGA movement — particularly over contentious issues such as the Jeffrey Epstein files — foreshadowing a more challenging second year of his presidency.

“America First” and US Foreign Policy Directions

Trump's foreign policy was firmly guided by the “America First” doctrine. On January 20, he formally communicated this commitment to the State Department, declaring, “From this day forward, the foreign policy of the United States shall champion core American interests and always put America and American citizens first.” The impact of this statement was immediate, prompting the State Department to realign both its policies and organizational structure to reflect this agenda. In explaining the approach, Secretary of State Marco Rubio emphasized, “Every dollar we spend, every program we fund, every policy we pursue must be justified by the answer to one of three questions: Does it make

America safer? Does it make America stronger? Or does it make America more prosperous?”⁽³⁾

Under this principle, Washington reassessed its engagement with multilateral institutions. Trump withdrew the United States from the Paris Climate Agreement, the 2015 UN-backed accord aimed at curbing greenhouse gas emissions. The administration also refrained from sending senior officials to the 2025 UN Climate Summit (COP30) held in Brazil. Further, Trump pulled the US out of the World Health Organization (WHO), suspended participation in the Human Rights Council and froze financial contributions to the body.

In a related move, the administration halted all funding to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), citing alleged links between some staff members and Hamas during the October 2023 attack. Trump additionally imposed financial sanctions and visa restrictions on International Criminal Court (ICC) officials, including Prosecutor Karim Khan, alleging the court unfairly targeted US allies. These measures were part of a broader strategy to expand visa restrictions in service of US interests.

Trump also issued an executive order to review US participation across

international institutions, including the World Bank and the International Monetary Fund (IMF). Calling for the reform of both multilateral institutions, Treasury Secretary Scott Bessent criticized them for straying from their core missions and addressing issues such as climate change and social policies. The administration suspended contributions to the World Trade Organization (WTO) and the withdrawal campaign extended further: the United States exited UNESCO, arguing that the organization’s ideological agenda did not align with US interests and exhibited bias against Israel.

These developments highlighted a pronounced shift in US foreign policy and a corresponding erosion of multilateralism and international cooperation. This shift was evident in Trump’s address to the UN General Assembly, where he launched a broad critique of the organization, questioning its efforts to combat climate change, mocking renewable energy initiatives and denouncing what he perceived as the UN’s ineffectiveness in conflict resolution. Notably, he ignored the fact that US disengagement itself has contributed to the decline of collective action and weakened international multilateral institutions.

In a further retreat from a key instrument of global diplomacy, the State Department canceled roughly 83% of the \$80 billion in programs administered by the US Agency for International Development (USAID), redirecting these funds toward national and strategic priorities. This measure was implemented under the authority of Trump’s executive order of January 20, 2025.⁽⁴⁾

No doubt, halting foreign aid weakens one of the United States’ most significant commitments to countries worldwide, particularly to sectors such as health, education, media and initiatives related to national development. At the same time, it undermines programs that have historically bolstered the United States’ international standing. Moreover, this withdrawal creates space for other global actors to expand their influence, with China notably capitalizing on the gap in Africa and parts of the Global South to position itself as a development-oriented alternative to the United States.⁽⁵⁾

While the “America First” doctrine retains broad popular support within the United States, Israel has experienced negative repercussions from this surge of nationalism. Criticism of Israel has intensified across various political and social groups. Polling data indicate that

unfavorable views of Israel have grown among Republicans — particularly younger voters — over the past three years, while Democrats remain divided on the issue. A Yale University survey found that 46% of young Americans support reducing or completely halting military aid to Tel Aviv. In response, Israel has sought to counter this shift in public opinion by mobilizing content creators, influencers, lobbyists and other instruments of influence.

Additionally, Trump's military actions — such as bombing Iran under Israeli pressure and operations against Venezuela — have alienated evangelical Christians, historically one of the most reliably pro-Israel constituencies in the United States. Many view these interventions as a betrayal of the commitment to end “endless warfare.”⁽⁶⁾

Under the “America First” doctrine, Trump implemented tariffs that initially targeted Canada, Mexico and China, later expanding to other countries worldwide. These measures were framed as a response to what Washington perceived as unfair trade practices, with objectives that included restoring domestic manufacturing, increasing US revenue, reducing the trade deficit and pressuring foreign governments to adopt policies aligned with US interests.

Notably, even Washington's traditional allies were affected. Trump challenged one of the cornerstones of US foreign policy — NATO — demanding that European members increase their defense spending in exchange for continued protection. This approach extended to halting support for Ukraine while pressing for territorial concessions to Russia. Moreover, Trump displayed open hostility toward the democratic principles upheld by European powers and encouraged illiberal forces within them. He also distanced the United States from India, a key strategic partner in Asia. In response, European countries sought to adapt by increasing defense budgets, reshaping trade relations and pursuing independent strategies to support Kyiv against Russian aggression rather than relying solely on Washington.

“America First” policies extended beyond trade and defense, encompassing coercive measures designed to advance US strategic interests. Latin American countries, for instance, were pressured to reassess their ties with China. Panama was compelled to withdraw from the Belt and Road Initiative (BRI), while nations such as El Salvador, Mexico and Costa Rica were encouraged to take steps distancing themselves from

Beijing and moving closer to Washington.

A similarly forceful stance was applied to Venezuela, with efforts aimed at reshaping its political leadership. These actions formed part of a broader strategy to confront US adversaries — including China, Russia, Iran and their regional proxies — through expanded sanctions, intensified diplomatic and economic pressure, and, when deemed necessary, the strengthening of deterrence measures and targeting military capabilities.

In the rare earth elements sector — a critical arena of competition among major powers — the US administration pursued a comprehensive strategy to boost domestic production, secure new international partnerships and limit China's dominance in the industry. The Trump administration actively leveraged these minerals in diplomatic engagements across the Asia-Pacific, Africa, the Middle East, Europe and Russia. It concluded numerous agreements in October 2025 with countries including Australia, Malaysia, Thailand, Japan and Saudi Arabia. Domestically, the president adopted an unconventional approach to revitalize the mining sector, with the administration increasingly

acquiring equity stakes in private companies.

More broadly, under Trump, the “America First” principle signaled a retreat from the United States’ commitments to the international system it had established and governed through institutions on its own territory and under its laws. This shift reflected the belief that other nations — whether competitors or some US allies — had gained disproportionate benefits from the system while it constrained US policy. At the same time, the United States sought to assert its superiority, safeguard its economic and military position and maintain global influence, resisting any international restrictions on its foreign policy, including limitations on the use of military force, economic coercion through sanctions or accountability for human rights violations.

Coercive Diplomacy and Its Impact on Global Peace

Since Trump’s return to the White House, US politics entered a new phase in which the traditional emphasis on defending the liberal order and “spreading democracy” has given way to “peace through strength.” Trump sought to secure his place in history as “the president who ended seven wars without

starting one” and repeatedly expressed his ambition to win the Nobel Peace Prize. This personal objective shaped a foreign policy that, while superficially peaceful, relied on constant threats and maximal pressure to extract concessions and secure negotiating advantages from a position of strength.

The US administration pursued this strategy through three primary instruments. The first was economic power: Washington reimposed broad sanctions and leveraged the dollar and the financial system as potent political tools. In the cases of China and Russia, economic measures became the principal arena of confrontation, whereas in the case of Iran, a combination of economic and military actions aimed to curtail its regional influence and halt its nuclear ambitions. The second instrument was military deterrence. Although Trump avoided large-scale wars, he expanded threats, maneuvers and operations, thereby enhancing US force readiness in the Black Sea, the Arabian Gulf, the Pacific and the Caribbean. This posture was symbolically reinforced by his renaming of the Department of Defense as the Department of War, signaling that the United States could intervene at will and that international peace depended on its discretion.

The third instrument was symbolic and media influence. Trump cultivated the image of an unconventional peacemaker enforcing settlements from a position of strength. By leveraging US media — particularly Republican outlets — he cultivated an image as the leader who would restore the United States to its historical prominence, shaping public opinion through influential supporters and presenting his decisive actions as essential to a safer world and a stronger United States.

Initially, Trump proposed what he termed the “European peace deal” for Ukraine, envisioning a ceasefire and a limited territorial exchange under US oversight. The White House applied direct pressure on President Volodymyr Zelenskyy to accept a settlement that would end the conflict through a ceasefire and recognition of Russia’s annexation of parts of eastern Ukraine, in return for US guarantees and reconstruction aid. A tense confrontation occurred in the Oval Office after Zelenskyy rejected the proposal, viewing it as a surrender of Ukrainian sovereignty.

Trump unveiled his latest peace proposal in November 2025, yet the plan faced strong resistance both in Kyiv and among EU members, who regarded it as a concession to Moscow. However, the

initiative remains contentious within the Western camp, with Ukraine and European stakeholders deeming it unfair and a geopolitical gain for Russia. Critics within the United States have also questioned the plan. Observers suggest that Trump's pursuit reflects a desire for personal achievement, even at the expense of US strategic interests and those of its allies, while European actions — potentially undermining Ukraine's sovereignty and territorial integrity — could further complicate prospects for lasting peace.⁽⁷⁾

Regarding Iran, the Trump administration reverted to a policy of maximum pressure, albeit in a more calculated and flexible form. It reinstated oil sanctions and tightened restrictions on banking transactions, while maintaining limited communication channels via Gulf intermediaries. Simultaneously, Washington carried out targeted strikes against militias aligned with Tehran in Syria, Iraq and Yemen, and, during a 12-day conflict, bombed nuclear facilities in Iran — sending a clear signal that US deterrence remained potent.

These measures were designed not to provoke full-scale war, but to degrade Iran's capacity to operate regional proxies, disrupt its nuclear program and compel a return to negotiations on US

terms — embodying a “peace through strength” approach that blends military pressure with strategic diplomacy. Despite these efforts and the weakening of its position, Iran has so far refused to negotiate under coercion or yield to US conditions.

During the Gaza war that erupted in late 2023 and lasted two years, Trump sought to leverage the crisis to present himself as a mediator capable of resolving complex conflicts. He unveiled his 20-point peace plan, titled “President Donald J. Trump's Comprehensive Plan to End the Gaza Conflict,” which proposed a ceasefire accompanied by Arab funding for Gaza's reconstruction in exchange for security guarantees for Israel. However, Trump's overt bias toward Tel Aviv undermined the plan's credibility in the Arab world, reducing it to a tool of political pressure rather than a genuine peace initiative. Following the signing of the Gaza Peace Agreement in Cairo under US auspices, Trump exerted direct pressure on the Israeli government to halt the blockade and airstrikes, aiming to enforce the ceasefire under preventive deterrence — imposing peace through force. While the initiative ended the annihilation phase of the Gaza war, the second phase of the agreement remains stalled due

to Israeli intransigence and the pursuit of a total victory that eluded both sides during the conflict.

By 2025, the application of “coercive diplomacy” had expanded beyond traditional arenas like Ukraine, Iran and Gaza to new regions worldwide. In the Caucasus, Washington proposed the Trump Route for International Peace and Prosperity (TRIPP) connecting Azerbaijan and Armenia after border clashes, aiming to contain Russian influence through direct economic links. In Southeast Asia, it intervened to de-escalate tensions between Cambodia and Thailand, while promoting an “economic peace” framework between Serbia and Kosovo to consolidate its influence in the Balkans. The United States also positioned itself as a guarantor in the India-Pakistan conflict, exerted economic pressure on mining companies fueling the Rwandan and Congolese conflicts and reopened the Grand Ethiopian Renaissance Dam (GERD) dispute between Egypt and Ethiopia under the principle of “power for development.”

These initiatives illustrate the expansion of US power diplomacy as a global strategy seeking to impose peace from a position of dominance, reflecting the Trump administration's preference for unilateral crisis management that

combines deterrence with economic and political leverage. While some initiatives yielded tangible results, significant uncertainties persist regarding the effectiveness of others.

Thus, it can be argued that the power diplomacy pursued by Trump in 2025 represents a new trajectory for US foreign policy, grounded in the notion that peace results not from agreement but from fear. While this approach strengthened Washington's presence on the global stage, it simultaneously eroded the United States' image as a moral authority or democratic exemplar, as "American peace" became increasingly associated with coercion, sanctions and threats rather than mediation and understanding.

By the end of the year, the international system appeared more competitive, with weakened institutional legitimacy, in which the logic of power outweighed legal norms and the concept of peace was increasingly employed as a tool of influence. This signals a period of "forced stability," which is likely to define international relations in the near term. In 2026, this approach will test whether it can produce genuine peace or instead usher in a period of precarious compromises under the guise of maintaining order.

Trumpism and Deepening Challenges Facing the Rules-Based Order

There is no clearer indication of the weakening of the current international order than the United States' failure to sustain it, despite its historical role as the primary architect and sponsor of this system since the end of World War II. Some observers argue that the order now faces a genuine threat, particularly in light of Trump's policies following his return to the White House. The French president echoed this concern during a meeting with Chinese President Xi Jinping in December 2025, who warned, "We are facing the risk of the disintegration of the international order that brought peace to the world for decades."⁽⁸⁾

The Biden administration upheld the rules-based international system as a cornerstone of its global policy, whereas Trump pursued a selective approach. At times, this strategy favored engagement, offering support to certain multilateral institutions when aligned with US interests, or demanding reforms and greater leadership roles rather than outright withdrawal. At other times, it leaned toward isolationism, as evidenced by the US withdrawal from and sanctions against the WHO, the Paris Agreement, UNESCO and the

International Court of Justice (ICJ) — institutions deemed insufficiently beneficial or misaligned with US priorities.

Some analysts interpret this selective isolationism as part of a broader effort to reshape the international system, securing greater US influence or reforms tailored to its interests rather than relying on the existing status quo, which was considered inadequate or unfair. Nevertheless, this approach generally marginalized the system, its rules and its institutions, weakening the overall framework of global governance.

Trump also reversed the policies of his predecessor, President Joe Biden, prioritizing bilateral diplomacy over multilateralism, cooperation and adherence to a rules-based order. He pursued direct deals with individual countries while bypassing established frameworks for international collaboration. This approach undermined global effectiveness, heightened threats to the legal foundations of the UN and international law and contributed to an unprecedented weakening of the global governance system that has prevailed since World War II.

Beyond signaling disregard for established rules and principles, Trump's strategy revived an imperialist, force-driven approach to geopolitics,

thereby exposing the fragility of the Western alliance that underpinned the postwar system. This was evident in provocative statements and plans, including threats to seize Greenland, re-occupy the Panama Canal Zone, annex Canada as a 51st state, displace Palestinians from Gaza, transform the Gaza Strip into an investment hub and return to Bagram Air Base in Afghanistan for strategic repositioning in Central Asia.

Trump's policies also strained key alliances that had underwritten US global hegemony. He exerted pressure on NATO members, Southeast Asian states and Middle Eastern partners, while pursuing independent policies on shared issues such as the war in Ukraine and the Gaza conflict. These actions eroded confidence in Washington as a strategically, pushing Europeans toward self-reliance, prompting Middle Eastern countries to forge alternative defense arrangements and encouraging Canada to adopt a more independent stance. Simultaneously, they enhanced the influence of organizations like the Shanghai Cooperation Organization (SCO) and BRICS, which are perceived as counterweights to US-led hegemony.

On the economic front, Trump disrupted the global trading system, violating WTO commitments and established

rules by imposing widespread tariffs. This unilateral use of economic power as leverage signaled a departure from the system Washington had built to support free trade, strengthen regional economic ties, stimulate growth, lower domestic prices and maintain the dominant power's capacity to operate within multilateral frameworks. Bilateral negotiations with the Trump administration reflected signs of a fundamental shift, suggesting that the United States was seeking to reset the global trade system — or potentially create a new model — forcing other nations to adapt, with potentially far-reaching consequences for the flow of trade and its regulatory structure.

Even Trump's peace initiatives have largely bypassed the UN, relying on coercion and force rather than principles of justice and fairness. The consequences for the international order have been mixed. While these initiatives have reinforced the United States' role as the dominant actor in shaping global balances without direct warfare, they have also intensified polarization among major powers and weakened the capacity of international institutions to manage crises. Washington has framed its ability to impose limited settlements in the

Middle East and elsewhere as a model of "peace through hegemony."⁽⁹⁾

Moscow and Beijing interpreted this approach as an effort to reassert US dominance through economic and media influence rather than traditional military means, prompting a pragmatic realignment of international alliances, with some countries choosing accommodation over opposition. Although certain conflict zones have experienced relative stability, it is fragile and coercive, grounded in fear and deterrence rather than cooperation or mutual understanding.

Current developments reflect the erosion of the international system's normative and ideological framework, suggesting a potential end to the era of US peace. Global chaos and competition are rising, while the appeal of the US model is diminishing under internal authoritarianism, nationalist rhetoric and identity politics. Western democracy is undergoing a value regression, fueled by exclusionary policies, racism and border closures across Europe and the Americas, in the absence of any compelling alternative vision. Chinese and other civilizational initiatives appear ill-equipped to provide such a model, producing a global landscape without a clear normative center. In this context,

globalization and open-border principles are receding, national sovereignty narratives are resurfacing and the factors that once united the world — trade, energy, technology and information — have become primary sources of division.

Thus, it can be argued that while the United States retains its hegemonic position within the existing system, Trumpism has exerted a significant impact, exposing the erosion of the multilateral framework that has endured since the end of the Cold War. Confidence in international institutions and the rules-based order has declined, major powers have gravitated toward strategic competition rather than co-operation and traditional alliances and balances have weakened as they adapt to this reality. Support for US leadership has waned as rival powers step in to fill the vacuum, positioning themselves as alternatives. Both major and middle powers have pursued strategic autonomy, while commercial and cultural nationalism have gained traction amid the decline of globalization and the era of open borders. These developments signal profound shifts that are likely to solidify emerging multipolarity while strengthening the trend toward greater independence and diversified

partnerships and blocs, particularly among middle powers.

Perhaps the clearest expression of these changes came from Canadian Prime Minister Mark Carney in November 2025, when he stated that “the world can move on without the United States,”⁽¹⁰⁾ reflecting a growing willingness among international actors, including US allies, to chart independent paths within a reconfigured global system. Yet the accompanying power competition risks heightened friction and deepened distrust in the international order, prompting nations to bolster their capabilities — as evidenced by the renewed nuclear arms race among major powers — leaving the system in a state of uncertainty and instability.

An Unconventional National Security Strategy

Before the end of 2025, the Trump administration issued its new National Security Strategy,⁽¹¹⁾ reflecting a conservative vision that closely linked domestic and foreign policies. The document largely maintained the approach established during Trump’s first year in office, while formally codifying the president’s principles, priorities, policies, personal leadership style and policy inclinations. It reaffirmed his commitment to fulfilling

campaign promises, particularly the principle of non-intervention or the “America First” agenda, which guided both domestic and foreign policy decisions throughout the year, despite the challenges confronting Trump and his administration.

The new US National Security Strategy elevates immigration to a strategic concern, placing it on par with threats from major powers to the United States’ global standing. The document outlining the US security framework clarified the administration’s geopolitical priorities, designating the Western Hemisphere as the foremost strategic focus. The document frames the Americas as the primary source of potential threats to US interests, highlighting the administration’s determination to counter Russian and Chinese influence in the region, which it views as directly impacting US territory and vital interests. China is ranked second, with Trump pursuing a policy of measured engagement and selective understanding; the strategy emphasizes that China’s threat is primarily economic rather than ideological, while maintaining the goal of achieving superiority through deterrence. Notably, the strategy marks a shift in priority: China is no longer at the very top of the US threat hierarchy, and Russia is not explicitly listed as a threat.

Table 1.1: The Main Features of the 2025 US National Security Strategy

Principles	Priorities	Regions	Policies
Focused Definition of the National Interest	-Ending excessive expansion -Focusing on essential issues	The Middle East	-Reducing direct involvement -Transferring burdens onto allies -Supporting peace deals
Peace Through Strength	-Enhancing deterrence -Defense and economic hegemony	-Asia -Indian and Pacific Oceans	-Supporting Taiwan -Bolstering naval presence -Exerting pressure for higher defense balances
Predisposition to Non-Interventionism	-Curbing open wars -Precise (surgical) actions only	Africa	-Limited conflict settlement -No long-term military presence -Stabilization without nation-building
Flexible Realism	Partnerships without imposing the US model	The Middle East	-Accepting regimes as they are -Supporting normalization -Pursuing a transactional rather than ideological approach
Primacy of Nations	-Curtailling immigration -Protecting borders -Supporting national identities	The Western Hemisphere	-War on cartels -Redeployment -Agreements to stop mass migration
Sovereignty and Respect	-Protecting the US home front from external influence	Europe	-Opposing censorship -Countering the supranational influence of the European Union -Supporting nation-states
Balance of Power	Preventing any power from obtaining global hegemony	Asia	-Preventing China from dominating the South China Sea -Supporting regional alliances

Principles	Priorities	Regions	Policies
Pro-American Worker	-Revitalizing industrialization -Redressing trade imbalances	The whole world (to be applied to the global economy)	-Tariffs -Restoring control over supply chains -Bringing production back to the US
Fairness	Forcing allies to bear a fair share of the burden	-NATO -Europe -Japan -Korea	-The 5% of GDP for defense criteria -Fair trade positions -Mending economic relations
Competence and Merit	Building a strong economy that maintains the technological edge	-Asia -Tech world	-Investing in AI -Computing -Rebuilding the defense base

Layout and design: Rasanah IIIS, 2025.

Data source: United States, Executive Office of the President [or Donald J. Trump, President of the United States], *National Security Strategy of the United States of America* (Washington, DC: White House, December 4, 2025), <https://bit.ly/4j0IKb2>.

Furthermore, the document indicated that the Middle East had become less central to Washington due to the declining strategic importance of its oil. Nonetheless, it underscored the necessity of maintaining a continued US presence, particularly a military one, to safeguard Israel's security, ensure uninterrupted oil flows and strengthen economic partnerships with regional states, while aiming to contain — but not fundamentally change — the region. The strategy maintained the existing US stance on the Palestinian issue.

Significantly, the document criticized Washington's European allies in pointed terms, portraying the continent as grappling with demographic aging and an identity crisis, and warning of potential cultural erasure if current refugee policies and extensive regulatory burdens persist. It emphasized that Europeans must assume greater responsibility for their own defense, demanded increased financial contributions and called for a halt to NATO's territorial expansion. The strategy established a new operational equation for US-European

relations: those who contribute more financially receive a stronger commitment from Washington.

The strategy generated significant controversy and elicited mixed reactions. Domestically, it drew sharp criticism from Democrats, who argued that it served the president's commercial interests, weakened Washington's influence on the global stage and undermined the values the United States had long promoted. European countries also rejected the document's pointed critiques of the continent, viewing them

as reflections of Trump's ideological biases rather than a coherent strategic vision. Some nations, including Germany, further objected to the strategy's failure to designate Russia as a threat.

Conversely, China and Russia welcomed the document, interpreting it as a shift in Washington's approach and a potential opening for cooperation, signaling a move away from previous escalation. In reality, however, the strategy lacks historical context, contains numerous contradictions and fails to provide clear policy directions for a global superpower, rendering it arguably one of the weakest national security strategies Washington has produced in recent decades.

Conclusion: Potential Future Scenarios Under Trump 2.0

Trump secured notable domestic successes, including curbing immigration and consolidating his political power. Yet, he also intensified partisan divisions, which over time extended even to his core supporters, some of whom perceived him as straying from his commitments. His popularity declined as domestic conditions worsened and the cost of living rose for broad segments of the population, while his policies largely benefited the wealthy, powerful

and large corporations. In essence, the developments of his first year underscored that US democracy, while resilient, is not immune to systemic challenges, raising questions about the cost of reform.

Internationally, Trump pursued policies aligned with the "America First" principle, advancing fundamental changes that could accelerate the erosion of the multilateral order. While he achieved temporary peace through coercion in several regions, this stability remains fragile, dependent on power rather than consensus, and thus vulnerable to shifts in the balance of power.

Looking ahead to his second year, Trump is likely to consolidate his domestic power, leveraging Republican control of Congress and his influence over the judiciary, at least until the 2026 midterm elections. However, concerns persist regarding the deployment of the military in US cities, potentially as preparation to influence future elections, and his proposed campaign against Venezuela, which could trigger a refugee crisis. On the global stage, he will continue to advance US interests through pressure, coercion and tariffs — policies that risk undermining the very institutions and alliances that sustain US hegemony, potentially creating

a geopolitical vacuum in which China may consolidate regional dominance, given the Western Hemisphere's priority in Trump's 2025 strategy.

Despite the extraordinary nature of his current presidency, Trump faces significant domestic and international obstacles. Growing Democratic support, as evidenced in the November elections, may expand in the 2026 midterms, threatening his ability to advance policies in Congress. Divisions are emerging within his base due to perceived favoritism toward the capitalist elite, and negative economic indicators may erode the Republican Party's unwavering support. Abroad, many countries are adopting a cautious, wait-and-see approach, treating his presidency as a transient phase similar to his first term, willing to make temporary concessions to navigate this period.

To conclude, the coming year may serve as a critical test of Trump's ability to implement his agenda amid mounting domestic opposition and international caution. Nevertheless, his impact on the international system is already evident: he has accelerated longstanding shifts, deepened global distrust and left the world navigating an increasingly fragmented and uncertain order under a waning US hegemony.

Calculated US-China Escalation and Its Implications for Dynamics in the Indo-Pacific

The 2024 ASR⁽¹²⁾ predicted a deliberate escalation in US-China rivalry over international leadership and the global balance of power following President Donald Trump's return to the US presidency. This scenario unfolded in 2025 with the outbreak of trade, technology and rare earth mineral conflicts between the two powers. The escalation stemmed from Trump's confrontational and escalatory policies toward China, designed to contain its ambitions and check its aspirations for a dominant role in the international system. In response, China implemented retaliatory measures to deter the United States and compel it to acknowledge Beijing as a balancing power in the global order.

However, this escalation remained calculated; both sides eventually resumed negotiations, reaching an understanding and reducing reciprocal tariffs. Each power appeared to recognize the consequences, risks and costs of further escalation for its own interests, power structure and global standing — especially amid rapid international shifts and the redrawing of global influence.

This section analyzes the US-China escalation and its impact on Indo-Pacific dynamics through three main topics. The first examines the US strategy of containing China, assessing both continuity and change during the Trump era. The second evaluates the SCO summit and China's efforts to promote a multipolar world order. The third analyzes the repercussions for Washington's allies in the Indo-Pacific.⁽¹³⁾ The conclusion reviews the outcomes, trajectory and trends of US-China escalation.

Containing China Between Continuity and Change in the Trump 2.0 Reign

US strategies to contain China have evolved and shifted over decades, even before Trump's term (see Table 1.2), beginning when China was first classified as a serious threat to US dominance at the top of the international power hierarchy in the 1970s. The US strategic focus on containing China intensified during a pivotal period in the early 1990s, coinciding with the dawn of US unipolarity after the Soviet Union's collapse and the rapid ascent of China.

China entered the list of the world's 10 largest economies for the first time in its history, eventually overtaking Japan as the second-largest economy globally during the first decade of the

21st century. Since the second decade, China has further reshaped global trade routes through its Belt and Road Initiative (BRI). By the third decade of the 21st century, the size of the Chinese and US economies had converged, and the gap between US and Chinese standards of power had narrowed significantly.

US Containment Strategies During the Biden and Trump Administrations

The US strategic approach to containing China has undergone a major transformation since the start of Trump's first term through the end of his second term, which extends to 2028. This shift is marked by the adoption of strategic competition with China and the abandonment of earlier strategies focused on integration and coexistence.⁽¹⁴⁾ On October 4, 2018, Vice President Mike Pence, during Trump's first term, announced the end of selective engagement and declared the partnership and rebalancing strategy with China ineffective. He stated that China was now seen as a strategic competitor for global leadership. As a result, Trump withdrew from the Trans-Pacific Partnership (TPP) — the centerpiece of the previous rebalancing strategy — and initiated a trade and technology war.

Table 1.2: US Strategies to Contain China Over Five Decades

Strategy	Key Features	Administration and Period
Strategic Competition Strategy	<p>Viewed by the Trump administration as the primary option for dealing with China. It requires addressing strategic competition from a position of strength, leveraging technological advancement, economic strength and military power. In addition, it focuses on containing China technologically and economically by controlling chip exports and advanced technology, rejecting Chinese investments in the United States and strengthening domestic technological development and infrastructure investment. However, it depends heavily on the economic dimension, even though the US secretary of war warned that focusing solely on the economic dimension would not achieve the goal of containing China, particularly given China’s diverse capabilities. The focus must therefore be on building military alliances, implementing the second dimension of military containment through coordinating strategic partnerships and strengthening the power of the shared military force of allied nations.</p>	<p>The Trump administration 1.0 and 2.0 (2017-2025)</p>
Strategic Ambiguity Strategy	<p>It is based on leveraging the conflict between China and its regional adversaries — most notably Taiwan — through deliberate ambiguity in policy, keeping both sides in a constant state of uncertainty over whether the US military will intervene in a war across the Taiwan Strait. This approach is intended to create a dual deterrent: the implicit threat of intervention restrains China from invading Taiwan, while simultaneously discouraging Taipei from declaring independence should it interpret US signals as an endorsement of such a move.</p> <p>In contrast to the Trump administration’s policy of comprehensive decoupling between the two great powers, the Biden administration pursued selective cooperation with China on several issues, including COVID-19, climate change, nuclear non-proliferation, global food security and coordination at the level of the global economy.</p>	<p>The Biden administration adopted this approach in 2021</p>

Strategy	Key Features	Administration and Period
Rebalancing Strategy	It is centered on reorganizing foreign policy priorities around the principle of “pivoting eastward,” placing the Indo-Pacific region at the top of the US administration’s strategic agenda instead of the Middle East. This is pursued by revitalizing existing defense and military alliances with Washington’s allies in the Indo-Pacific, establishing new security and defense partnerships and building expanded economic, trade and social partnerships across the region.	The Obama administration adopted this approach in 2009
Strategy of Engagement With China	This strategy naively assumed that an economically ascendant China would eventually transform into a liberal state and become a responsible stakeholder within a stable, Western rules-based liberal international order. On this basis, President Clinton supported China’s accession to the WTO. Ultimately, however, China remained a communist state while continuing to achieve remarkable economic growth over the following two decades.	This approach prevailed during the 1990s under President Bill Clinton.
Containment Strategy	This strategy is based on isolating China through military encirclement, by establishing military bases around it and along strategic commodity transit routes, with the aim of economically cutting China off from oil suppliers and major global markets. The objective is to halt China’s development trajectory and its global ambitions, while ensuring the continuity of US dominance over the international system. This is pursued by seeking to place all Chinese energy import routes and trade export corridors under US control, enabling Washington to choke them at will, and by creating a military arc around China through hundreds of bases and military installations in East Asia — most notably the US Seventh Fleet in Japan and the US Indo-Pacific Command headquartered in Hawaii.	This strategy has prevailed since the mid-1980s under Presidents Ronald Reagan and George H. W. Bush.

Strategy	Key Features	Administration and Period
Selective Engagement Strategy	This approach aims to integrate China into the international system rather than isolate or besiege it, while avoiding areas of contention and focusing on common interests. It emphasizes economic, political and military co-operation, while deliberately steering clear of issues related to freedoms, democracy, human rights and the nature of China’s communist system of governance. This strategy was reflected in facilitating China’s assumption of the permanent Chinese seat on the UN Security Council in 1971 in place of Taiwan, the full normalization of diplomatic relations, the termination of the Mutual Defense Treaty with Taiwan, recognition of the People’s Republic of China as the sole legitimate authority in China and endorsement of the “One China” principle instead of the Kennedy-era concept of “Two Chinas.”	This strategy was laid down by the architect of US diplomacy, Henry Kissinger, beginning in the 1970s.

Layout and design: Rasanah IIIS, 2025.
Data source: Tamer Sami, “The American Strategy Towards China’s Rising Ambitions,” *Scientific Journal for Faculty of Economic Studies and Political Science* 9, no. 8 (July 2025): 271-326, <https://bit.ly/4ojkwd8>.
Note: These strategies do not represent all US strategic options, but rather reflect the main strategies that embody each administration’s approaches toward China.

This shift reflected Trump’s designation of China as the primary competitor and adversary of the United States, based on his belief that China was attempting to undermine the United States’ unique international standing and global hegemony, alter the post-Cold War international order and create an alternative global economic model. President Biden, Trump’s successor, continued this strategy, albeit with greater strategic ambiguity, seeking to entangle China in regional conflicts

that would drain its resources and prevent it from challenging US unipolarity. This demonstrates a bipartisan consensus between Republicans and Democrats on strategic competition with China, while still safeguarding the gains of previous approaches. Both parties regard the 2020s as a decisive decade in the contest to outperform China. However, Biden and Trump differed in their methods for implementing strategic competition. Biden pursued a balanced approach, combining deterrence

and cooperation, using a multifaceted strategy that maintained Trump’s tariffs, strengthened military alliances around China and intensified the Taiwan crisis to draw China into prolonged and costly conflicts. In contrast, Trump’s “America First” approach is more confrontational, prioritizing aggressive tariff escalation against Chinese exports, expanding investment restrictions (both Chinese investments in the United States and vice versa), hindering China’s technological advancement,

reducing the flow of Chinese strategic goods in global supply chains, tightening economic and military pressure on China, encouraging neighboring allies to isolate China and establishing new military outposts around China's periphery to further encircle it.

Tools of Strategic Competition Against China Since the Beginning of the Trump Administration

Trump's strategic competition is primarily focused on the Chinese economy, targeting what Washington views as China's efforts to dominate global technological development following its transformation into the world's factory under the Made in China 2025 (MIC2025) strategy. The goal is to preserve the United States' sole hegemony over the international order by drawing away China's allies and strengthening its rivals in the Indo-Pacific region. This approach aims to ensure that China remains a regional counterbalance, while the United States maintains its position as the sole, undisputed global hegemon. The following are the most prominent tools employed by Trump in his second term against China:

■ **Escalating tariffs:** Tariffs remain the most effective tool in Trump's strategy toward China. Beijing is the

second-largest source of US imports after Mexico, accounting for 16% to 18% of total US imports in 2024. Washington faces a persistent trade deficit with Beijing amounting to billions of dollars. In response, Trump reignited the trade war by doubling tariffs on Chinese products starting in April 2025, eventually raising them to 145% before agreeing to a 90-day truce. During this truce, Washington reduced tariffs on Chinese goods to 30%. The truce was renewed twice — first from May 9 to November 29, 2025, and again until November 29, 2026. Trump also encouraged European capitals to impose 100% tariffs⁽¹⁵⁾ on China and India to curb their purchases of Russian oil.

■ **Selective technological decoupling:** Amid a fierce global race for AI technologies — now considered essential for national economic, industrial and military superiority — the Trump administration implemented strict controls on the export of US AI technologies and semiconductors to China. This new economic pressure tactic forms part of a broader strategy of selective technological decoupling, designed to prevent China from redrawing the map of global technological manufacturing in its favor. In March 2025, the Trump administration escalated the technological war

by placing about 50 Chinese companies⁽¹⁶⁾ specializing in cloud computing on a list of prohibited entities, blocking China's access to advanced cloud computing capabilities — specifically exascale systems used in military industries and hypersonic missile development.

Washington banned the export of the most advanced AI chips to China, such as Nvidia's H200⁽¹⁷⁾ and Blackwell models. In November 2025, it announced it had begun reviewing a request to allow its sale to China, following an agreement with Beijing on a tariff-reduction truce. In September 2025, the United States finalized a deal for the acquisition of the TikTok application, under which a group of US investors⁽¹⁸⁾ would purchase 80% of the platform's US version, while its Chinese parent company, ByteDance, would retain the remaining 20%. This arrangement followed the US Senate's passage of a bill requiring ByteDance to divest its TikTok operations in the United States or face a comprehensive national ban within 270 days of the law's enactment, unless the application was sold to US owners.

■ **Targeting China's global trade network:** The Trump administration pressured Panama to withdraw from the BRI, threatening to forcibly reclaim the Panama Canal unless Panama

complied.⁽¹⁹⁾ Washington also pushed several Latin American countries to sever or reduce their ties with Beijing, claiming it sought to eliminate what it described as China's exploitative practices in the region.⁽²⁰⁾ Visa bans were imposed on citizens of several Latin American countries, accused of adhering to the policies of the Chinese Communist Party. Washington argues that the BRI undermines US trade and bolsters Chinese dominance, especially as more than half the world's countries — 100 in total — have joined, with trade between China and participating nations reaching \$19.1 trillion.⁽²¹⁾ One of the main objectives of the Trump-Xinjiang Corridor (formerly the Trump Corridor) is to obstruct the Silk Road around China to the east. Many analysts also connect Trump's interest in reclaiming the Bagram air base in Afghanistan to broader US efforts to encircle China to the west.

■ **Attempting to isolate Russia from China:** The Trump administration sought to reverse Nixon's 1970s strategy⁽²²⁾ by attempting to separate Russia from China, aiming to isolate and contain both powers. In February 2025, the US secretary of state stated that Washington wanted to undermine Russian-Chinese relations due to concerns over the risks of an alliance between

two nuclear powers.⁽²³⁾ Trump employed a "carrot" policy toward Moscow, including a phone call with Putin, a bilateral summit in Alaska and a pledge to oppose Kyiv's NATO accession. In contrast, he applied a "stick" policy toward Kyiv, reprimanding Ukraine's president during a White House meeting and pressuring him to sign an agreement ceding territory to Russia without US security guarantees. European allies were also warned they could not count on continued US military support for Ukraine and Europe if the war continued. However, the effort failed: Putin recognized the strategy and did not isolate China, instead he participated in the SCO summit and signed a gas deal with Beijing that prompted Trump to acknowledge that the United States had lost Russia to China.

Trump 2.0 Strategy Toward China:

Between Failure and Progress

Only 35 days after imposing tariffs on Chinese exports to the United States, the Trump administration offered two concessions to China in exchange for China reducing its retaliatory tariffs from 125% to 10% and agreeing to sell a majority stake in the TikTok application to US companies. The first concession was a reduction of US tariffs from 154%

to 30%, set to last until November 2026. The second was the lifting of the ban on exporting advanced chips to China.

Experts explain the US retreat as a result of the Trump administration's realization that the tariffs had a limited effect on slowing China's economic growth, especially as the overall US trade deficit with China continued to rise due to many US companies relocating their headquarters to lower-cost countries like Mexico. Analysts also note that Trump's tariffs created new economic opportunities for China in countries affected by US trade restrictions, prompting many nations to shift their purchasing patterns toward China and strengthening its position as an alternative global power. This bolstered Chinese arguments for a multipolar international system that curbs US unilateralism.

Additionally, the Trump administration was concerned about the tariffs' inflationary impact and their effect on US public opinion ahead of the midterm elections, particularly after signs of voter discontent appeared in the election of Democratic New York Mayor Zohran Mamdani.

China has demonstrated a strong capacity to endure economic pressure due to its position as the world's

second-largest economy, an authoritarian government that is less sensitive to short-term public opinion and a vast domestic market that allows it to redirect exports internally. China's financial capabilities enable it to support local businesses through tax exemptions and managed currency devaluation, giving its exports a competitive edge. The country has also succeeded in creating alternative global markets and trade routes, granting it a degree of economic immunity against US tariffs.

While Chinese exports to the United States fell by 10.5% in the first half of 2025 — causing the United States to drop to third place among China's largest trading partners — exports to Africa surged by 21.4%. The ranking of China's top export destinations shifted, with ASEAN now leading at 13% of total exports, followed by the EU, the United States, Latin America and Africa.⁽²⁴⁾ Additionally, China's imposition of retaliatory tariffs on US goods and its ban on rare earth mineral exports to the United States have further shaped the evolving trade landscape.

The available data shows that Trump has largely ignored efforts to confront China's military ambitions through security partnerships with Indo-Pacific allies, including AUKUS (Australia,

the UK, the United States), QUAD (the Quadrilateral Security Dialogue (Australia, India, Japan, the United States) for Indo-Pacific security) and the Five Eyes intelligence alliance (the United States, Australia, the UK, Canada and New Zealand). This stands in sharp contrast to the secretary of war's hard-line approach, as expressed during the 2025 Shangri-La Dialogue Asian Security Summit in Singapore. As a result, Trump's strategy has unintentionally benefited China's security interests. Military escalation in the Taiwan crisis had declined, except for the last few days of 2025, when China launched its largest military drill in terms of scale, live ammunition, missiles and proximity to Taiwan. The drill simulated the imposition of full control over the island, in response to the US arms agreement worth \$11.1 billion with Taipei. However, tensions between China and Washington's Indo-Pacific allies have eased.

Moreover, China's 2025 White Paper, "China's National Security in the New Era," for the first time highlights the principle of "common security"— joint security with Washington's Indo-Pacific allies —alongside the foundational principle of "comprehensive security." In line with this, leaders of China and Central Asian states committed in the

Astana Declaration, issued at the 2025 China-Central Asia Summit, to cooperate in strengthening common security across several domains.

The SCO Summit and China's Efforts to Establish a Multipolar World

Unlike other countries that retreated under US pressure, China declared its defiance of US hegemony and pursued an escalating policy against the United States. This strategy involved attracting nations affected by US tariffs, amplifying its rhetoric by showcasing advances in its defensive and offensive military capabilities and implementing retaliatory economic measures against Washington. These actions are part of a broader Chinese effort to challenge US unilateralism including:

Seeking Overtures With Nations Opposed to US Unilateralism

International discontent with US protectionist policies provided China with a strategic opening. Beijing capitalized on this by attracting countries affected by US tariffs, including those in the Global South and US allies in the Indo-Pacific, aiming to unite them against unilateral US actions. China leveraged this resentment, accusing the United States of depriving developing economies of growth opportunities.⁽²⁵⁾ The

September 2025 SCO summit, hosted by Beijing, became the largest international gathering to reject unilateral US policies. Leaders and representatives from multiple countries attended, including those from five nuclear powers — China, Russia, North Korea, India and Pakistan — all influential in global affairs.⁽²⁶⁾ The summit's final communiqué⁽²⁷⁾ endorsed the Chinese approach, calling for a multilateral order based on justice, equality, good governance and international partnership, while rejecting unilateralism by dominant powers.

Beijing has also intensified efforts to strengthen partnerships with Washington's Indo-Pacific allies, seeking to draw them into its orbit or neutralize their alignment with the United States. This has been pursued through frameworks such as ASEAN Plus One (China), ASEAN+2 (China and Gulf Cooperation Council countries), ASEAN+3 (China, Japan and South Korea) and ASEAN-ROK 2+2 (China and South Korea's foreign and defense ministers). In April 2025, the Chinese president visited Vietnam, Malaysia and Cambodia, urging reunification of the "Asian family" and amplifying Asia's global voice, especially as the region is projected to contribute more than half of global GDP by 2040. China is also expanding

the BRICS framework to include China, Russia, India, Brazil, South Africa, Egypt, Ethiopia, Iran, Indonesia and the UAE, reinforcing the view among leading theorists that the 21st century will be an "Asian century."

China's ability to attract India, a traditional Western ally, is particularly notable. After a seven-year rift, New Delhi participated in the SCO summit. Warm statements by Chinese and Indian leaders, referring to each other as "dear friends," signal their intent to cooperate rather than compete, aiming to create a new model of Global South cooperation that counters US unilateralism. Indian Prime Minister Modi's statement that the Global South will not succumb to pressure, but rather seeks a multipolar world order that grants it greater scope to achieve its ambitions⁽²⁸⁾ underscores India's resolve to resist US pressure.

China has also given its economic ties with Russia a strategic dimension by signing an agreement to build the Power of Siberia 2 gas pipeline, the world's largest energy project, which will deliver Russian gas to China. This will meet China's energy needs and compensate Russia for lost European revenues, solidifying a Sino-Russian rapprochement that the West will struggle to counter. The impact of Chinese

summits, especially the SCO summit, is evident in the depth of Western dissatisfaction with their outcomes, as noted by leaders in the West.

The impact of Chinese summits, particularly the SCO summit, is evident in the level of Western unease with their outcomes. President Trump condemned the gatherings as an open conspiracy between China, Russia and North Korea against the United States,⁽²⁹⁾ acknowledging his country's loss of Russia and India to China. Observers viewed this as the start of a new phase in the international order, highlighting the dilemma of US global influence and the potential emergence of a Eurasian axis opposed to the Euro-Atlantic bloc.

Transformation in Chinese Defensive and Offensive Capabilities

China reinforced its revisionist stance on the international order by unveiling its largest arsenal of advanced defensive and offensive weapons during a military parade held on the second day of the SCO summit. This display underscored the trend of countries distancing themselves from the West. Chinese President Xi Jinping, appearing alongside the Russian and North Korean leaders, declared, "The rejuvenation of the Chinese nation is unstoppable," and

emphasized, “Today, humanity is again faced with a choice of peace or war, dialogue or confrontation.”⁽³⁰⁾ Through this parade, China signaled its intent to redraw the global military map and assert that the world is no longer unipolar.

The parade featured advanced offensive weapons with medium and long ranges, sending strategic deterrent messages aimed at adversaries both regionally and globally. These included China’s nuclear triad⁽³¹⁾ —strategic bombers, intercontinental ballistic missiles (ICBMs) and free-launching ICBMs — making China the third country in the world, after the United States and Russia, to possess such capabilities and ensuring global nuclear deterrence and retaliatory strike ability. Beijing also displayed upgraded defense systems like the HQ-22A, HQ-29 Red Banner and HQ-20 air defense systems, reflecting a shift to address diverse external threats. Additionally, China revealed smart warfare weapons such as the AJX-002 submarine drone, designed for laying sea mines.

Experts estimate that these weapons theoretically enable China to impose a complete naval blockade on Taiwan, close strategic straits and waterways in the Indo-Pacific during future conflicts, solidify its deterrent power doctrine,

achieve a global balance of terror, launch precise preemptive strikes on distant targets, deny adversaries access to Chinese territory or areas under Chinese sovereignty in the South and East China Seas and present hostile forces with an interconnected network of threats through a sophisticated deterrent system. The display is not simply a show of strength but a clear warning to Taiwan and its Western supporters: China has become the dominant military power in the Indo-Pacific, and any military intervention on behalf of Taipei would come at an extremely high cost.

China also aimed to draw global attention to its advanced military capabilities and its emergence as one of the world’s leading arms exporters, having transformed from the world’s economic powerhouse into a major global arms manufacturer. However, Chinese weapons have faced criticism for lacking combat testing, except for advanced aircraft used by Pakistan in its war with India.

Adopting Retaliatory Measures Against the United States

China did not simply attract states opposed to US policy and showcase its defensive and offensive capabilities; it also adopted calculated, multifacet-

ed retaliatory steps in response to US tariffs, giving Beijing significant leverage to deter the Trump administration from further escalating strategic competition. China imposed progressively higher counter-tariffs on US goods, which peaked at 125% before being reduced to 10% under a truce agreement, and it specifically targeted US agricultural imports such as soybeans by redirecting purchases to Argentina and Brazil. Chinese imports of US soybeans reached about \$13 billion in 2024⁽³²⁾ — around 43% of total US soybean exports — turning this sector into a powerful pressure point on Washington, whose effects were felt acutely by US farmers. Trump himself described Beijing’s move as an act of economic hostility that harmed farmers and threatened them with bankruptcy, and he publicly demanded that China resume buying US soybeans, a statement that underscored US concern over how the Chinese decision could sway US voters’ mood ahead of the midterm elections. China also opened a rare earth metals front against the United States, seeking to cripple the US economy by imposing export restrictions in April 2025 on seven of the 17 rare earth elements it controls — samarium, gadolinium, terbium, dysprosium, lutetium, scandi-

um and yttrium — and then, in October 2025, extending controls to five more: thulium, holmium, erbium, ytterbium and europium. These steps highlighted Beijing’s effective control over the global flow of these critical materials, giving it a decisive edge in trade and technological competition with Washington. The leverage is especially acute because Chinese rare earths are integral to the production of advanced defensive and offensive US weapons systems⁽³³⁾ such as the F-35 stealth fighter, Tomahawk missiles, DDG-51 destroyers, aircraft engines, batteries and smartphones, at

a time when China accounts for roughly 70%⁽³⁴⁾ of global rare earth mine output and more than 90% of processing and refining. As a result, rare earths have become a strategic bargaining chip for Beijing that could alter the global balance of power and push the world toward a major metals confrontation, directly threatening a US military edge that depends heavily on these technologies.

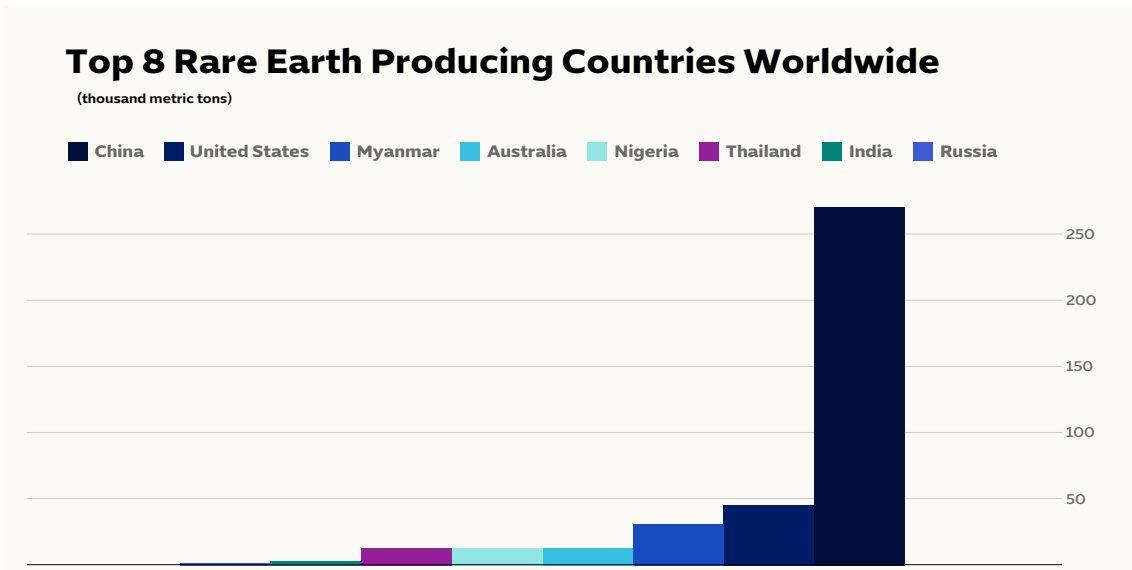
Implications for the Positions of Washington’s Allied States in the Indo-Pacific

US tariffs have caused substantial economic difficulties for ASEAN countries,

especially Cambodia and Vietnam, which are heavily reliant on the US market for their exports. In contrast, Singapore and the Philippines, with more diversified economies and less dependence on US markets, have been affected less severely. This economic strain has influenced public opinion in ASEAN, shifting it more in favor of China. While positivity toward China among ASEAN populations was low in recent years, it increased to nearly 50% in 2025 — 48% favoring China versus 52% favoring the United States.⁽³⁵⁾ In Malaysia and Indonesia, over 70% of survey respondents preferred China to the United States, a trend that could strengthen China’s influence within ASEAN and weaken US regional dominance, potentially reshaping the power balance in the Asia-Pacific.

US tariffs and China’s resolute countermeasures have reshaped the strategic landscape for Washington’s Indo-Pacific allies. The Trump administration’s “America First” doctrine prioritizes domestic interests, while Beijing asserts its determination to lead internationally, leveraging its amassed strategic influence to shape global affairs as a major power. This dynamic was underscored for ASEAN leaders by Trump’s direct tariffs on their economies (see

Figure 1.2: The World’s Eight Largest Producers of Rare Earth Minerals



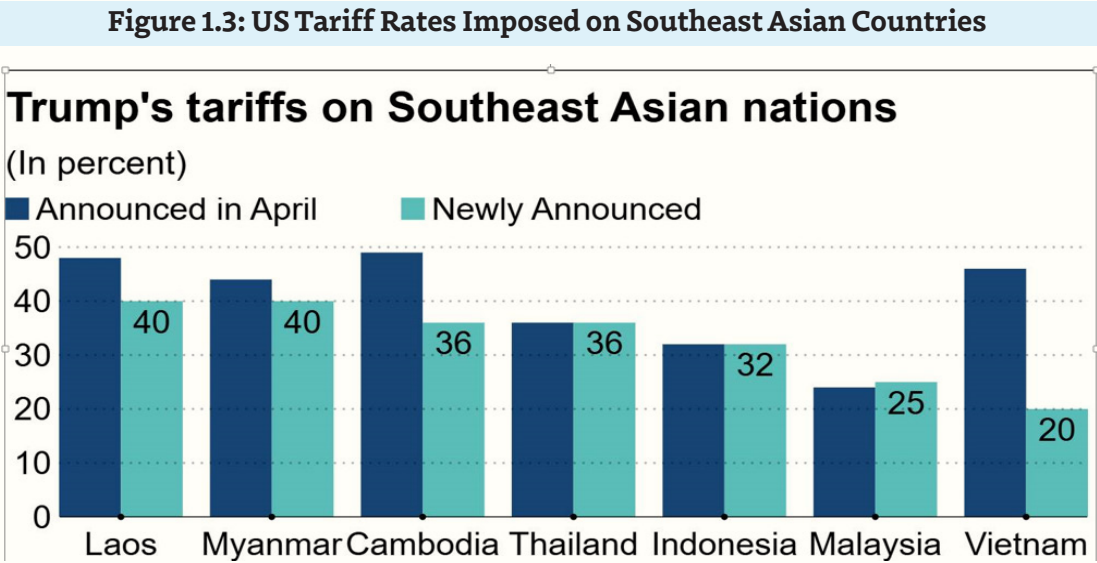
Source: “€3 Billion to Reduce Europe’s Dependence on China for Rare Earth Minerals,” *Al Jazeera*, December 4, 2025, accessed December 5, 2025, <https://bit.ly/44h0Uzj>. [Arabic].

Figure 1.3), spurring efforts to diversify export markets. China’s advanced strategic weapons capabilities may further influence these nations’ alignments. As a result, Washington’s allies have adopted balanced approaches toward both the United States and China, safeguarding their interests and export diversification amid the evolving geopolitical reality. These approaches are discussed below.

Gulf States and China — have established a new model for multilateral partnerships aimed at preserving international balances, protecting strategic interests and opposing unilateral policies. This was realized through the first ASEAN-Gulf-China trilateral summit held in Kuala Lumpur in May 2025, followed by the second ASEAN-Gulf summit and the 46th ASEAN summit in May 2025, and the 47th ASEAN summit in

(RCEP) after a four-year pause, aiming to unify positions on US tariffs. These gatherings have attracted major international attention, representing the world’s largest trading bloc — accounting for about 30% of global GDP in 2025 — led by China and including ASEAN, China, Japan, South Korea, Australia and New Zealand, serving as the most significant shield against US tariffs.

Statements by leaders at the aforementioned summits revealed widespread international dissatisfaction with US policies and strong support for a multipolar world order. At the trilateral summit, Malaysian Prime Minister Anwar Ibrahim stressed that Global South countries require new cooperative frameworks to tackle global challenges.⁽³⁷⁾ The summit’s final communiqué affirmed leaders’ commitment to strengthening shared supply chains, supporting the BRI and developing joint global logistics corridors. Similarly, the 46th ASEAN Summit’s communiqué called for an end to unilateral international decision-making — a clear reference to US policies. At the 47th ASEAN Summit, Ibrahim highlighted the importance of regional cooperation in addressing global economic and geopolitical challenges. Chinese Premier Li Keqiang stated that China is



Source: Dylan Loh, “ASEAN Countries Reel From Trump’s Fresh Tariff Threats,” *Nikkei Asia*, July 8, 2025, accessed December 22, 2025, citing from US government and Trump’s social media posts, <https://bit.ly/44z4xka>.

Forging Multilateral Partnerships
ASEAN countries,⁽³⁶⁾ in collaboration with two key players in the global economic and political landscape — the

November 2025, attended by President Trump and representatives from China, India and Japan. Malaysia also hosted meetings of leaders from the Regional Comprehensive Economic Partnership

fully prepared to implement the action plan for the comprehensive strategic partnership between China and ASEAN (2026–2030), marking the beginning of a new chapter in China-ASEAN relations.

The trend among ASEAN countries to diversify their partnerships significantly impacts the US global alliance network and its efforts to contain China. This is especially important because ASEAN's strategic location makes it a key geopolitical player in the broader US-China conflict over power and influence in the Indo-Pacific. Additionally, ASEAN is classified as an advanced economic hub, ranking among the major contributors to global growth after the United States, China, Germany, Japan, India and the UK, and serves as a major trading partner for leading international economies. It also attracts significant regional and international investment, highlighting its crucial role in the evolving geopolitical landscape.

Steering Clear of the Pitfall of Highly Polarized Alliances

As ASEAN and Gulf allies proceeded to diversify their partnerships, they became increasingly aware of the risks associated with sharp polarization into exclusive alliances. In response, these

Indo-Pacific allies adopted balanced policies toward both China and the United States. Their active participation in the SCO summit was followed by hosting President Trump at the 47th ASEAN Summit, reflecting their efforts to maintain ties with both poles. They also strengthened rapprochement with China and deepened connections with the Arab Gulf States — two emerging economic blocs — to safeguard shared interests and minimize the negative impacts of sharp international polarization. This shift away from rigid alliance structures, which previously limited their flexibility and increased costs, has become a shared dilemma for both the Gulf and ASEAN blocs. As a result, both groups are prioritizing regional economic strength and avoiding the trap of forced choices, instead making decisions based on their national security agendas and broader national interests.

Enhancing Engagement in Industrial Chains

Washington's Indo-Pacific allies recognized that engaging with Asian economic centers completes the global production cycle, integrating industrial, market and capital chains as the backbone of global supply networks. ASEAN countries, with their abundant natural

and human resources, large markets and strategic location, play a central role. China serves as a global industrial powerhouse and major market, while the Gulf countries contribute vast capital, energy resources and a unique geopolitical position. This synergy strengthens the shift from a model of “interconnected blocs” to a “unified Asian platform,” capable of establishing collective rules and executing joint continental projects. Such a platform enables Washington's allies to mitigate the negative impacts of the sharp polarization imposed by the United States and China, allowing rising Asian powers greater flexibility and resilience.

Conclusion: Future Scenarios for Sino-US Escalation

Based on the preceding data, several key conclusions can be drawn for 2025, while trends in US-China escalation can be projected until the end of Trump's second term in 2028. Over the past five decades, the US-China relationship has shifted from disagreement to crisis, driven by China's accelerated rise, which can narrow the power gap and move it closer to challenging the United States as the world's leading economic power (see Figure 1.2).

This trajectory aligns with conflict theory, which predicts that the closer two powers are in capability — particularly superpowers — the greater the likelihood of confrontation. Escalation occurs when the dominant power, the United States, seeks to maintain its global position through containment, while the rising revisionist power, China, pursues leadership and challenges the unipolar order established after the Cold War.

Strategic objectives diverged: the Trump administration focused on economic containment to curb China’s ambitions, largely deprioritizing military measures compared with the Biden administration. This approach explains the relative calm over Taiwan in 2025 and the relatively eased tensions between China and Washington’s Indo-Pacific allies. In some cases, US allies gravitated toward China’s call for a multipolar order in reaction to unilateral US tariffs.

Trump’s economic emphasis reflects his business-oriented mindset, recognizing the economy as the foundation of China’s overall power. Simultaneously, there are rising fears in the United States regarding an illiberal model that could ultimately outcompete the democratic model, potentially securing

Chinese global dominance. This underpins the United States’ intensive efforts to block China’s rise, defending liberal systems as the only path to industrial, military and geopolitical supremacy. Yet, this strategy carries trade-offs: it risks harming the US economy and limits avenues for cooperation with Beijing on shared global challenges, including climate change and emerging technologies.

In contrast, while Beijing has largely remained defensive and reactive, it has

demonstrated considerable strength and resilience through multiple strategies to counter US tariffs. Politically, China united opponents of the tariffs; economically, it sought alternative international markets beyond the United States; militarily, it showcased advanced defensive and offensive capabilities; and culturally, it exercised soft power by observing international protocol when hosting foreign leaders.

As the Trump administration retreated under its “America First” policy,



China steadily filled the vacuum, expanding its presence and influence within the emerging global order. Beijing also strategically sought to inflame domestic tensions in the United States, leveraging retaliatory tariffs, rare earth minerals and other strategic commodities to affect segments of the US population, potentially impacting Republican prospects in upcoming midterm elections.

Following similar losses in mayoral races where Democrats gained ground, Trump faced mounting domestic pressure, intensified by China's policies exacerbating already high US inflation. Beijing's assertive measures effectively shifted the tariff burden onto US consumers and businesses, while simultaneously diversifying exports into other international markets as global acceptance of Chinese goods grew.

Trump's assumption that China's dependence on the US market would compel concessions was met with a firm Chinese response: global reliance on Chinese products could, in turn, pressure Washington to make concessions, demonstrating China's calculated leverage in international economic affairs.

Another major development is the evolution of the US-China rivalry. The conflict is no longer confined to trade

and economic dominance; it has expanded decisively into the technological sphere, where control over global digitalization defines national security and economic influence. The United States is focusing on developing and monopolizing AI technologies to safeguard its security and economic power, while China is leveraging rare earth minerals — critical to AI industries — to exert strategic pressure. This dynamic is creating a bipolar or multipolar technological divide, with middle powers competing in the smart-chip and semiconductor sectors, which are poised to shape the global economy much like metals and oil did in the previous century.

China has strengthened its strategic position internationally by drawing India into its orbit, reinforcing its partnership with Russia, and securing participation from 26 world leaders at the SCO summit. This included nations with prior disagreements with China, as well as countries both friendly and hostile to the United States. The SCO consensus supports China's vision for a multipolar international order and reinforces its leadership within the Global South through a political and value-driven model contrasting with the Western paradigm. A Sino-Indian-Russian

alignment has emerged, advocating for an independent power center in Asia that actively shapes global affairs rather than follow Western-led frameworks. Asian-centric solutions are increasingly considered alongside Western proposals, signaling a reshaping of global influence, where even middle powers pursue autonomous strategies, challenging the notion of absolute Western hegemony.

It is important to note that China does not currently pose a direct military threat to the West. Its rapid industrial growth challenges the interests of imperialist capitalism, but per capita military spending remains far below the global average, and the gap with US military expenditure remains substantial. US-aligned military blocs outspend China many times over. While Beijing can resist attempts by Washington to dictate its policies, it lacks the capability to impose its will globally in the manner of dominant powers. The United States maintains an extensive global military presence, including forces stationed near China in South Korea and Japan, whereas China has only one overseas base in Djibouti and no military installations near US territory. Furthermore, China has avoided international military conflict for decades, while the



United States has actively engaged in numerous wars, bombings, invasions and military operations across the Global South.

Based on 2025 data, three potential trajectories for the US-China conflict can be predicted:

■ **Continued escalation without war.** This scenario is based on the resumption of escalating and retaliatory tariffs (potentially with military escalation regarding Taiwan); intensification of sharp polarization policies between the United States and China toward allies and adversaries; convergence of

power between the world's first and second-largest economies; escalation of competition to control digitalization, chips, and advanced technology — the new determinants of global power, replacing metals and oil from the 20th century; and the US retention of multiple levers against China, including technological and innovative superiority, dollar strength, sanctions capabilities, global alliances and military deployment. This trend is reinforced by the United States' insistence on maintaining sole hegemony and by Trump's view of China as a strategic competitor, in

contrast to China's revisionist approach. China has succeeded in persuading influential nations previously aligned with the West to adopt its position due to harm from US tariffs, while presenting an alternative model of success to the liberal model. Critically, China differs from previous rivals to the Western order — unlike the one-dimensional Soviet Union, China is an increasingly influential power across multiple dimensions: economic, military, technological and human. A rising multidimensional power does not easily surrender or remain passive; it redoubles efforts to reshape international rules according to contemporary global perceptions. However, this scenario is constrained by risks and repercussions for both sides, including the enormous costs of sliding into war, and internal calculations regarding ill-considered escalation.

■ **De-escalation and retreat.** This scenario does not mean normalized relations but rather a retreat from escalation that would lead to war. Outstanding disputes remain highly complex and central, making traditional concessions difficult. These disputes concern power, influence, resources, international interests and the nature of the international system itself. The US strategic mindset views the 2020s as crucial for

victory over China, aiming to solidify US hegemony. Escalation would only recede under two unlikely conditions: the United States accepting the role of a regional balancer rather than global hegemon, or China accepting a regional balancer role. However, this scenario involves phased de-escalation or reduced momentum toward war, achieved through: mutual commitment to truces halting reciprocal tariffs; recognition by both sides of escalation risks and costs; repercussions on domestic variables, particularly on US economics and public opinion; mutual understanding of the other's leverage; the US need for Chinese influence to end the Russia-Ukraine conflict; and Trump's anticipated April 2026 visit to China.

Fluctuation between escalation and de-escalation. This is the most probable scenario during Trump's second term. Within a single year, relations may oscillate between escalation and de-escalation in multiple repeated cycles, depending on both sides' assessments and international geopolitical developments. This results from close power dynamics, the inability of either side to decisively win, reliance on regional and international gains, deep economic interdependence and Trump's pragmatic

mindset prioritizing deals over traditional policy constraints. Trump's policies are difficult to predict and ambiguous, with ideological divisions between the White House and national security establishment — the secretary of war focuses on military containment while Trump and his vice president show limited interest in military confrontation with China, except for signing an arms agreement worth \$11.1 billion with Taiwan at the end of December 2025. This is an annual practice by US administrations. Trump oscillates between imposing trade sanctions and issuing friendly statements to the Chinese leadership, shifting rapidly between conflicting strategies. Trump's concessions to China reveal policy confusion and raise questions about whether his administration possesses a coherent strategy or relies on the president's impulsive decisions which are seemingly influenced by his personal temperament, transactional mindset and close business associates. In realist international relations theory, a dissatisfied (revisionist) power typically pursues policies aimed at narrowing the power differential with the dominant (status-quo) power. Conversely, the dominant power often employs direct confrontational strategies

to undermine the revisionist challenger. These include: bolstering the revisionist's adversaries through diverse forms of support; encircling or isolating its allies and targeting key leadership figures in strategic domains via an array of coercive instruments (ranging from elimination and assassination to kidnapping, arrest and other measures). Such tactics align with an established US global strategy of containment, designed to arrest China's expanding international influence, erode confidence in Beijing as a credible polar power capable of safeguarding its partners and confine its assertiveness to the regional sphere. By weakening China's position in its immediate periphery, the United States seeks to perpetuate its own primacy at the apex of the international system. Accordingly, the Trump administration could plausibly diversify its instruments of influence against China in the regional domain during 2026, including by reactivating military options. This shift risks igniting an inter-military escalation and may accelerate Beijing's timeline for attempting forcible reunification with Taiwan — despite indications that Trump eschewed such direct confrontation throughout his second term.

The Russia-Ukraine War: Peace Efforts and Conflagration Risks

The 2024 ASR closely tracked developments in the Russia-Ukraine war and set out projections for 2025. It identified Russia's advances in eastern Ukraine as the most notable development of the war's third year, attributing them to the slowdown in US support for Kyiv during the early months of 2024. At the same time, Ukrainian forces carried out an incursion into Russian territory, seizing control of the Kursk region. As the year drew to a close, widespread anticipation followed Donald Trump's election victory, given his positions on the war and on transatlantic relations more broadly. The report tied the future course of the conflict to the degree to which Trump would honor his pledges and to the responses of the various stakeholders.

Looking ahead, the report projected that 2025 would witness the disruption of Ukraine's offensive plans, the shelving of a victory-oriented strategy and a shift toward a defensive posture aimed at halting further Russian advances and retaining control of Kursk for as long as possible. It also anticipated continued economic strain on Russia under sanctions, particularly if tightened by Trump, while Ukraine would face the

consequences of a reduction or halt in Western support. The report further connected the potential expansion of the conflict and the involvement of additional actors to the redeployment of North Korean forces from Kursk to eastern Ukraine.

The report concluded that Ukraine would likely endure through 2025, while Russia would wager on declining Western backing to gradually weaken Kyiv through continued expansion, with the medium-term objective of consolidating control over eastern Ukraine. This strategy would include expelling Ukrainian forces from Kursk and persisting in the destruction of Ukrainian infrastructure to compel acceptance of a new strategic reality. Accordingly, the 2025 ASR extends its analysis of the war by reviewing its most consequential developments and assessing its prospective trajectory. Its first section analyzes the military environment following Trump's return to the US administration, coinciding with the onset of the war's fourth year. The second section examines the context of US peace initiatives and the positions of Russia, Ukraine and Europe toward them. The third section discusses the opportunities and constraints associated with these plans, while the final section

explores possible conflict-resolution scenarios and their potential outcomes.

The Military Landscape Following Trump's Return to the White House

The military landscape in 2025 was influenced by several key factors, foremost among them the level and continuity of military assistance to Ukraine, which had a direct bearing on the dynamics of the fighting. These shifts were reflected in changes on the ground, as Russia expanded its territorial control at Ukraine's expense. In an effort to preserve a degree of balance, both sides adopted a range of operational tactics, marked by increasing sophistication and a growing emphasis on targeting infrastructure. The period also witnessed limited confrontations along NATO's borders.

In terms of external support, Ukraine remained heavily dependent on Western — particularly US — military assistance in its confrontation with Russia. While Kyiv possesses a developed defense industry, it falls short of Russia's in both scale and capability, making Washington's position on military aid a decisive factor in shaping the conflict. During the first half of 2025, US support to Ukraine was inconsistent, oscillating between suspension and resumption

over short intervals. After beginning his second term on January 20, 2025, Trump announced a complete halt of US foreign aid. Although this measure was formally confined to humanitarian assistance and did not explicitly include military aid, it was nonetheless consequential, as it excluded Egypt and Israel and made no reference to Ukraine. In early March, Trump temporarily suspended military support to Kyiv, including intelligence sharing and satellite

imagery, before restoring it on March 11. The administration again halted aid on July 2, citing a review of US stockpiles, but reversed the decision within days, resuming assistance on July 8. On July 14, it introduced the Prioritized Ukraine Requirements List (PURL) mechanism, under which US weapons transfers to Ukraine are routed through NATO allies.

European states sought to offset the imbalances created by the volatility of

US assistance, doing so within the constraints of their financial resources and industrial capacity, even as public opinion across Europe continued to favor sustained support for Ukraine.⁽³⁸⁾

Nevertheless, the financial dimension of this effort weakened markedly. According to the Kiel Institute for the World Economy (IfW Kiel), European military aid declined sharply, falling by as much as 57% in July and August 2025 compared to the monthly average in January 2025–June 2025.⁽³⁹⁾ This drop was partly attributable to stockpiling requirements and slower production within Europe's defense industries and partly due to domestic political pressures — especially in countries grappling with economic difficulties — where debates over government spending intensified alongside increasingly contentious financial discussions within the EU.

These disparities in Western military support were reflected on the battlefield. Deployment maps showed Ukrainian forces pulling back as Russian forces continued to expand their control. Russia's advances in the early months of the war's fourth year coincided with acute strains in US-Ukraine relations, most visibly in the two temporary suspensions of US military aid noted



earlier. By April, Russian forces had retaken the remaining areas of the Kursk region. Beyond this, Russia continued to record gradual but consistent gains across multiple fronts. From January 1, 2025, its average monthly territorial advance amounted to approximately 270 square kilometers. By October 21, 2025, Russia controlled 19% of Ukraine's territory, including the 7% it had held prior to the full-scale invasion launched on February 24, 2022.⁽⁴⁰⁾

A closer examination of the military implications of territorial shifts reveals that, excluding Crimea—which Russia annexed in 2014 and which accounts for roughly 7% of Ukraine's territory—Moscow has captured approximately 12% of Ukraine's land area over the four years of fighting. The bulk of these gains was secured during the initial phase of the war. Throughout 2023, front lines were largely frozen, with Russian advances confined to only a few hundred square kilometers. In 2024, Russia expanded its control by about 4,000 square kilometers, while at the same time relinquishing roughly 1,268 square kilometers in the wake of Ukraine's offensive in the Kursk region.

In 2025, Russian forces not only recovered the territory lost the previous year but also extended their advance to

a total of approximately 5,400 square kilometers. The pace of this expansion increased notably after the Alaska Summit on August 15, when Russian troops advanced at an average rate of 9.3 square kilometers per day.⁽⁴¹⁾ Russia has since established near-total control over the Donetsk region, estimated at 99%, and consolidated its hold over around 81% of Luhansk. Its presence in the south expanded to encompass roughly 65% to 75% of the Kherson and Zaporizhzhia regions. By contrast, in the north and northeast, Russian gains remained minimal, with virtually no progress in Sumy and control limited to about 4% of Kharkiv.

The escalation of hostilities has altered the character of military engagements, prompting both sides to expand and refine their offensive and defensive capabilities. Drone warfare, in particular, has grown in both scale and sophistication, as Russia and Ukraine have increased production and improved the effectiveness of unmanned systems. A defining development in 2025 was Ukraine's Operation Spiderweb launched on June 1, which targeted air bases deep inside Russian territory and struck more than 40 bombers using drones. This operation signaled a new stage in hybrid warfare, especially as

comparable actions were recorded in the Israeli-Iranian conflict just 10 days later.

The year also witnessed serious incidents involving NATO and Russia, ranging from Russian drone incursions into Polish and Romanian airspace to cyberattacks on critical infrastructure in the Baltic states, as well as suspected sabotage of undersea communication cables near Denmark. These actions have been widely interpreted as deliberate provocations embedded within a broader hybrid warfare strategy. The mid-2025 incidents fit squarely within so-called gray zone tactics, designed to probe an adversary's red lines without triggering direct confrontation. Russian military doctrine has underscored the value of such approaches since 2014, aiming to erode the credibility of NATO's deterrence while preserving a degree of plausible deniability.

One of the most consequential incidents unfolded in September 2025, when a Russian drone breached Romanian airspace during a large-scale strike on Ukrainian ports along the Danube River. Although the drone was officially intercepted and downed, the episode triggered emergency consultations within NATO under Article 4 and intensified concerns that any inadvertent

escalation could activate Article 5, under which an attack on one member is treated as an attack on all. In response to repeated violations of allied airspace, NATO launched Operation Eastern Sentry in mid-September 2025, aimed at strengthening surveillance, activating enhanced air-policing measures and deploying rapid-reaction forces along the alliance's eastern flank.

The military dimension of the conflict in 2025 was also marked by a sharp escalation in attacks on critical infrastructure by both sides. Since the start of the year, Russian strikes had damaged roughly 40% of Ukraine's gas production facilities, with reports indicating that up to 60% had been destroyed ahead of the winter of 2025–2026. By May, Russia was estimated to have eliminated approximately 90% of Ukraine's thermal power generation capacity.⁽⁴²⁾

By contrast, available reports suggested that Ukrainian strikes disrupted between 15% and 20% of Russia's primary oil-refining capacity. Despite these setbacks, Moscow demonstrated notable resilience, as spare capacity enabled it to limit the overall decline in refining output to approximately 3% by the end of November 2025. Russia offset the shutdown of affected facilities by shifting operations to alternative units.⁽⁴³⁾

At the same time, the campaign against infrastructure entered a new phase, emerging as a central dimension of the conflict. Attacks increasingly focused on undermining the financial foundations of the war effort and raising its social costs by disabling vital civilian services, including electricity supply and transportation networks. Energy infrastructure became a principal target, encompassing oil refineries, gas production facilities, oil tankers in the Black Sea and railway systems. According to reporting by The Times, strikes on bridges, stations, and rail lines have tripled since July, with more than 600 such attacks recorded during the final six months of 2025.⁽⁴⁴⁾ As a result, millions of Ukrainians have been subjected to prolonged power outages. Conversely, Ukrainian operations have also disrupted air traffic at several Russian airports, mirroring the disruptions reported in Moscow in May.

US Settlement Initiatives and Priorities of the Disputants

Trump's simplified framing of the Russia-Ukraine war during the election campaign soon collided with the complexities on the ground. This disconnect was evident during his first meeting with Ukrainian President Volo-

dymyr Zelenskyy at the end of February, which devolved into a tense exchange and left relations between the two sides strained. The subsequent Alaska Summit with Russian President Vladimir Putin likewise yielded disappointing outcomes. Improvisation appeared to be the defining feature of both encounters. In the aftermath, the US administration shifted toward a more calibrated approach, unveiling a peace initiative backed by intensive diplomatic engagement led by Trump's envoys Steve Wittkof and Jared Kushner aimed at addressing the most contentious issues arising from the conflicting interests and priorities of the parties to the war.

The broad contours of the US peace plan first emerged in Alaska, which hosted the Trump-Putin summit on August 15, 2025. Expectations had been high that the meeting would deliver either a breakthrough settlement or, at a minimum, a general framework such as a ceasefire. However, amid Ukrainian and European concerns over Trump's perceived inclination toward Moscow, the summit concluded with little more than vague statements about positive outcomes, devoid of substantive details. In effect, Putin emerged as the principal beneficiary, as the meeting ended the

isolation imposed on him since the war began.

In the days that followed, a broader meeting brought together the US president, European leaders and the Ukrainian president. Trump later conceded that the conflict was far more complex than he had initially assumed. By late November, he presented a 28-point draft plan which, in its final form, outlined a comprehensive vision for ending the war. Among its most salient provisions were proposals for Ukraine to relinquish portions of the territories claimed by Russia and to commit to non-membership in NATO, in return for security guarantees for Ukraine.

From the moment the initial draft of the plan was leaked to the official reactions, a series of contentious issues surfaced between Russia on the one hand and Ukraine and Europe on the other. Moscow welcomed the proposal, while Kyiv advanced an alternative, prompting Trump to launch personal attacks on Zelenskyy and to call for new elections in Ukraine. European leaders likewise voiced strong criticism, cautioning Zelenskyy against being “sold out” by Trump and expressing fears of being misled by Washington. These concerns were compounded by the simultaneous

release of the US 2025 National Security Strategy, which sharply criticized certain European domestic policies. Taken together, these developments underscored the depth of disagreement and the complexity surrounding efforts to end the Russia-Ukraine war.

These exchanges highlighted the widening gap between the positions and priorities of the parties involved. Although the United States is a central actor in the conflict, it has positioned itself as the chief broker of a settlement, prioritizing an end to the war while seeking to secure maximum economic returns to offset the costs of supporting Ukraine. For the other parties, however, national security considerations remain paramount. The US proposal largely accommodates Russian demands, effectively granting Moscow the territories it seeks — namely, Crimea and the Donbas — with Trump pressing Ukraine to relinquish roughly 30% of the territory it still controls. Russia has also insisted on an explicit provision barring Ukraine from joining NATO and preventing further alliance expansion, treating both demands as non-negotiable.

Ukraine has categorically rejected these terms, viewing them as a violation of its territorial integrity. The Ukrainian constitution further prohibits the

transfer of territory without a referendum. Kyiv is instead seeking credible security guarantees from its allies in the event of renewed aggression, along with the preservation of its sovereign political choices, including the option of joining the EU. The stance of Europe’s major powers is therefore pivotal, as any peace settlement would carry direct implications for European national security and for the continent’s relationship with NATO. Moreover, Ukraine’s ability to continue the war would depend heavily on European backing should the United States fully withdraw its support.

Currently, these fears are fueled by analyses of Georgia’s trajectory prior to 2008, when Western inaction contributed to a frozen conflict and the eventual emergence of a pro-Russian government in Tbilisi. Therefore, since August 2025, European leaders’ support for Washington’s diplomatic efforts has been conditional, emphasizing that any settlement must respect Ukraine’s sovereignty and territorial integrity, as well as ensure its full participation in the entire negotiation process.

In this context, the Trump administration’s early signals suggested a willingness to freeze the existing front lines or to tacitly accept limited concessions

to Russia, in order to redirect attention and resources toward domestic priorities. Such an approach — already implicit in Trump’s peace proposal⁽⁴⁵⁾ — would leave Europe to contend with the repercussions of a fragile and potentially unstable ceasefire, absent, in all likelihood, a durable political settlement. Statements from European actors, including the European Commission, the French presidency and several Eastern European capitals, have underscored that any effective diplomatic process must rest on a credible ceasefire, coupled with clearly defined mechanisms to sustain negotiations and move toward a more lasting resolution.⁽⁴⁶⁾

The 2025 US National Security Strategy has heightened these apprehensions. According to the document, “As a result of Russia’s war in Ukraine, European relations with Russia are now deeply attenuated, and many Europeans regard Russia as an existential threat. Managing European relations with Russia will require significant US diplomatic engagement, both to reestablish conditions of strategic stability across the Eurasian landmass, and to mitigate the risk of conflict between Russia and European states.”⁽⁴⁷⁾ Despite Washington’s stated commitment to European stability, many European actors remain

concerned that US-Russian negotiations could proceed at the expense of their own strategic interests.⁽⁴⁸⁾

The Deal to End the Russia-Ukraine War — Opportunities and Challenges

The Trump administration’s peace plan for Russia and Ukraine presents multiple opportunities for achieving a negotiated settlement, reflecting a clear commitment by US diplomacy to pursue such an outcome. Yet these opportunities are counterbalanced by significant challenges that could impede the realization of an agreement acceptable to both Moscow and Kyiv, while also reassuring European stakeholders.

On the opportunity side, the ceasefire in Gaza — facilitated under Trump’s initiative — has demonstrated that even highly complex conflicts can be temporarily halted. While fragile and potentially reversible, this achievement serves as an important precedent and incentive for Trump, who appears determined to broker a resolution to the four-year Russia-Ukraine war, partly motivated by ambitions such as winning the Nobel Peace Prize. His global interventions, including efforts to mediate in Sudan, the Thailand-Cambodia border clashes and the prior Azerbaijan-Armenia peace agreement, underscore his

focus on ending conflicts worldwide. Although his approach often favors empowering the stronger party while pressuring the weaker, it can still facilitate ceasefires. Economic incentives offered by both Ukraine and Russia further reinforce the rationale for continued diplomatic engagement.

Conversely, both principal parties — Russia and Ukraine — remain exhausted across economic, human and infrastructural dimensions. Neither side shows the capacity for a decisive victory, which may eventually compel them to accept the status quo and negotiate difficult concessions. Russian advances over the past two years have come at a substantial material and human cost. Even if Moscow consolidates control over claimed territories, further expansion is likely to become prohibitively expensive, and halting offensives would leave Russian forces in a defensive posture, risking a protracted war of attrition with limited gains. Meanwhile, although Ukraine’s capabilities are constrained, they remain sufficient to steadily inflict attrition on Russian forces, preventing rapid Russian consolidation and prolonging the conflict.⁽⁴⁹⁾

It is notable that Ukraine has repeatedly demonstrated the capacity to surprise its allies militarily. The first

instance occurred when Kyiv successfully repelled Russian offensives and reclaimed lost territory. The second came with its audacious attack on the Russian region of Kursk, which placed Putin in a politically embarrassing position and led him to request North Korean support. The third was the sophisticated Operation Spiderweb. These precedents suggest that Ukraine may continue to execute similar high-impact operations.

At the same time, EU member states remain divided in their approaches to managing the Russia-Ukraine war, largely reflecting differing perceptions of Russia. Eastern European countries regard Moscow as an existential threat, whereas some Western European states prioritize de-escalation and energy security. This divergence constrains the capacity for coordinated, sustained action as evidenced by political and material limits on long-term support for Ukraine. It also complicates responses to Russian incursions into NATO and EU territories, despite repeated Russian denials. Concerns over escalation are ongoing, manifesting in proposals for limited direct military support, such as deploying training or advisory teams to Ukraine. These divisions are further amplified by varying European

interpretations of shifting US policies and peace initiatives, potentially strengthening voices favoring a ceasefire to mitigate escalation risks or prevent NATO destabilization — an outcome Trump frames as a burden on the United States.

Nevertheless, numerous obstacles threaten the prospects for a political settlement, chief among them the entrenched positions of both sides on core issues. These include territorial disputes — such as control over the Zaporizhzhia nuclear power plant — and the provision of security guarantees for Ukraine. These matters are deeply intertwined with the legitimacy of each side's political system, and Ukrainian law prohibits the president from unilaterally resolving them. As a result, both Russia and Ukraine remain firmly committed to their stances on territory and security, creating a zero-sum scenario in which diplomacy struggles to produce compromises. This rigidity, combined with domestic cohesion in both countries despite extensive war-related damage, has allowed political leadership in Moscow and Kyiv to resist internal pressures for concessions or peace agreements after four years of conflict.

Simultaneously, Ukraine's strategic importance to European security

compels major continental powers to maintain support, even if the United States were to fully withdraw military aid. Europeans recognize both the significance of US backing and the difficulty of compensating for its absence, as a Ukrainian defeat could presage further Russian expansion in Europe.

The pressure emanating from the US administration, alongside its vision for transatlantic relations, has prompted European actors to explore strategies for safeguarding national security independently of Washington. The emerging European posture in 2025 reflects a thorough reassessment prompted by the war in Ukraine and its wider implications for continental security architecture. While this strategy signals a cautious move toward greater European strategic autonomy, economic disparities, divergent national priorities and enduring ties to the Atlantic alliance continue to complicate the shift.⁽⁵⁰⁾

In response, European leaders are actively exploring a range of measures to bolster support for Ukraine. These discussions include the possibility of issuing collective loans to address Ukraine's long-term financial needs, tapping into the roughly 300 billion euros in frozen assets of the Russian Central Bank, or utilizing the interest accrued from

frozen Russian sovereign assets to fund assistance. Beyond financial support, Europe is considering new security arrangements in anticipation of a scenario in which it becomes Ukraine’s principal long-term partner. One proposal gaining traction is the creation of the “Coalition of the Willing,” modeled on the bilateral security agreements signed with Kyiv by several countries — including the UK— in 2024.

The unpredictability of Trump, however, remains a major complicating factor. While he has shown a strong interest in ending the war, his mercurial approach could lead him to adopt an opposing stance if negotiations stall due to the intransigence of the warring parties. He might even contemplate sanctions on both sides, halting military and financial support to Ukraine while simultaneously tightening economic measures on Russia. Precedents include the August 2025 sanctions on India over Russian oil, which compelled major Indian companies to suspend orders.⁽⁵¹⁾ Additionally, on October 22, sanctions were imposed on Rosneft and Lukoil, Russia’s two largest oil companies, for financing the “Kremlin’s war machine” and for Putin’s “refusal to end this senseless war” in Ukraine.⁽⁵²⁾

Conclusion: Future Scenarios for the Russia-Ukraine War

Three primary trends define the possible scenarios for resolving the Russia-Ukraine war: a settlement trend, which could bring the war to an end; an escalation trend, which could broaden the conflict; and a stalemate trend, which would perpetuate the current status quo.

In 2025, indicators pointing toward both settlement and escalation increased simultaneously, as noted in earlier sections. The most critical factors favoring a resolution include the US administration’s persistent diplomatic efforts and the fact that the conflict has reached a de facto stalemate.

Trump’s personality further shapes the dynamics, as he is willing to suspend military aid to Ukraine to compel agreement. While previous suspensions were brief, future interruptions could be longer or even permanent, particularly given the US inclination to accommodate Russian demands. This approach constrains Ukraine and Europe politically, making a fragile cessation of hostilities more probable.

Nonetheless, the risk of escalation cannot be ignored. Ukraine could undertake large-scale provocative operations — such as deep strikes inside

Russia using Western-supplied defensive weaponry — which might trigger Russian retaliation and broader conflict. Similarly, Moscow could pressure European states to avoid obstructing US efforts to coerce Ukraine, employing tactics like violating NATO borders, targeting NATO member interests (as with the Turkish cargo ship VIVA in Ukraine’s exclusive economic zone), or retaliating against Europe’s use of Russian assets to support Kyiv. Despite these possibilities, escalation remains less likely, primarily because Russia holds the greater capacity for such action. Given Trump’s pro-Russian posture and Putin’s success in breaking international isolation through the Alaska summit, Moscow has a strong incentive to preserve US support rather than risk actions that might prompt a shift in Washington’s stance, especially in light of European attempts to influence US policy.

In conclusion, while both sides remain committed to their positions, continue to strengthen military capabilities, and Russia demonstrates provocative moves toward Europe, the settlement scenario appears most probable. Progress may be slow due to the complexity of contentious issues — such as ceasefire terms pending referenda or elections in Ukraine — but certain

gestures suggest a path forward. Notably, Ukraine publicly announced during the Berlin negotiations in mid-December 2025 its unwillingness to join NATO and proposed halting fighting along the current front lines, signaling readiness for potential compromise.

Global Aspirations for Supremacy in Non-Traditional Domains

The 2024 ASR predicted an escalation in threats associated with non-traditional security issues, alongside intensifying competition in the absence of legal frameworks to regulate the competitive process and to rationalize the application of advanced technologies. The report further anticipated that the situation will deteriorate further due to the constrained scope for rational decision-making and consensus-building, particularly with Donald Trump's return to power — a forecast that has proven largely accurate amid the dynamics observed throughout 2025. Indeed, competition continues to intensify in non-traditional domains as actors seek to reshape the global landscape through the logic of power and hegemony. As the Fourth Industrial Revolution unfolds, technological developments in 2025 are blurring the difference between civilian and military technologies. From

the endless application of drones to the computing power squeezed in a smartphone, the human way of life, manner of doing business and fighting the adversary is constantly changing in a gravity-defying manner. To meet the global appetite for epoch-making technological marvels, the quest for earlier less desired minerals and metals has soared to the extent of upending geopolitics and geo-economics. The US-China trade war is about weaponizing rare earth elements (REEs), which also power advanced radars, precision-guided missiles and stealth fighter jets. Technological feats of the last decade have intensified the race to conquer space and man it afresh. A collision between satellites in low-earth orbit (LEO) can devastate much more than just e-commerce, hence the debate for regulating space from weaponization bellows. As space-based real-time surveillance bars strategic assets and military movements to adversaries, major powers scramble to develop missile defense shields to watch countermeasures appear in the form of nuclear-powered cruise missiles and torpedoes with nearly-unlimited endurance and range. Welcome to a world where traditional and non-traditional domains of technology, economy

and military blend and fuse to generate unforeseen outcomes!

This section discusses four significant developments related to non-traditional security issues, which have become competitive battlefields for great powers: weaponizing REEs, the space race, innovative and modern weapons and the nuclear race.

Weaponizing REEs

REEs were at the heart of the US-China row at the close of the year 2024. Thanks to the year-long truce, trade war fears have subsided, but an uneasy calm prevails. It is China versus the rest. Beijing controls 90% of the REE production supply chain: 70% of mining, 90% of separation and processing and 93% of magnet manufacturing.⁽⁵³⁾ Since 2011, China has been restructuring key industry players by bringing them under state control. The first wake-up call came in 2010, when an unofficial rare earths embargo was imposed on Japan amid souring ties, hampering REE use in various high-tech products, including magnets used in Toyota's groundbreaking Prius hybrids.⁽⁵⁴⁾ Rare earths power the Fourth Industrial Revolution, a fusion of technologies that integrate physical, digital and biological systems, enabling the creation of smart, adaptive

systems. In fine print, REEs fuel contemporary deterrence, i.e., from precision-guided munitions, stealth technology and training AI models. The United States, European powers and East Asian giants, along with Australia, are scrambling to build their respective Manhattan Projects in exigency.

The United States plans to develop alternative REE sources and maintain deep stockpiles sufficient to support its armed forces' needs, its military-industrial complex and other commercial needs. Trump's bid to coerce Xi into submission using a semiconductor export ban has been far from successful. The top-end chips China needs for its military systems are not as potent a bargaining tool as the United States' appetite for rare earths. Beijing is fast en route to catching up on the microprocessor plain.⁽⁵⁵⁾ The United States landed itself in trouble when it abandoned the Strategic and Critical Materials Stock Piling Act of 1939 after the Cold War in the 1990s. Rare earth reserves were sold off, only for the vulnerability to resurface amidst the COVID-19 supply chain disruptions. The United States is returning afresh to the idea of a strategic stockpile akin to the Strategic Petroleum Reserve set up after Arab states' 1973 oil embargo. The United States,

like its many industrial and geopolitical partners, urgently needs an emergency buffer to stabilize markets and protect itself from the economic shocks leading to geopolitical crises. Congress has legislated to set the 2035 deadline for REE independence from China, Russia, North Korea and Iran. Meanwhile, Trump's announcement of a one-year truce with China on REE and microchips signals to adversaries that economic coercion through supply chain disruption undermines US deterrence.

Stepping back from its trademark pursuits of globalization and free market economics, the increasingly protectionist US administration is directly investing in the REE sector. For instance, the Pentagon is now investing in MP Materials, which deals in an operational rare earth mine and is in the process of building a second magnet manufacturing facility.⁽⁵⁶⁾

The Export-Import Bank of the United States (EXIM), a federal agency, is financing seven mineral projects in Australia with \$2.2 billion. The Pentagon is also investing in an advanced gallium refinery (for semiconductor manufacturing) in Western Australia.⁽⁵⁷⁾ Earlier, the Pentagon upgraded its contract worth \$128 million with Lynas Rare Earths, the world's largest producer

of rare earths outside of China.⁽⁵⁸⁾ The United States also signed an agreement with Japan to fund and secure resource extraction and import. In August, Korea Zinc inked a memorandum with Lockheed Martin for refined germanium supply for the defense giant's advanced semiconductor production. Evidently, the United States is making a promising start.

Europe's anguish is binary: on one hand, it does not see eye to eye with Trump on trade as well as a host of other issues, on the other, it takes a stand on Russia's Ukraine invasion, Taiwan and human rights in China while Beijing has an entirely different approach to trade, foreign policy and domestic matters.

French President Emmanuel Macron put it aptly, "The European industry is facing a 'life or death' moment." While France may not be ready to pick sides between China and the United States, the European Commission is taking steps "to make the EU stronger and more resilient in the face of growing external economic threats, while remaining open and committed to international trade and investment."⁽⁵⁹⁾ Brussels is setting up a center to coordinate the purchases and stocks of crucial raw materials besides allocating \$3.5 billion to a strategic fund for projects in mining,

refining and recycling of vital minerals and metals.⁽⁶⁰⁾

Europe is building the continent's biggest REE processing plant in Estonia with Canada's Neo Performance Materials. Besides, individual states are allocating their funds for economic security.

It is fair to say that the production of REEs outside of China is at a nascent stage. It would require a couple of decades to zero the supply-demand gap. US projects are estimated to reach a production capacity of around 40,000 metric tons by 2030 while European demand is estimated around about 45,000 metric tons by the same year, according to Adamas.⁽⁶¹⁾ Hence, Europe, Japan, South Korea and the United States' independence has still a long way to go with dependence on China.

Beijing will also be better off without a trade war, given its clients' vulnerability in the years to come. Meanwhile, China's licensing system, introduced in April, is an irritating reminder for the United States and Europe of their vulnerability and dependence. Its process of REE import licenses is stringent and refusals are infuriating, more so in the case of US companies. Beijing has not been treating all license requests with an analogous approach: the automobile

industry faces less refusal than defense, for instance. More of the same is expected in the year 2026. Over decades, China has amassed experience and expertise in the mining and processing sector, hence production deadlines and targets will be hard to achieve by the new entrants sans China's blessing. Meanwhile, Europe abandoned mining due to environmental concerns and low-cost import of REEs. A less talked about factor is China's special status in price-setting of rare earth minerals. Non-Chinese REE development would not only fall short in terms of volume but also be exorbitant. China is the lowest-cost producer at every stage of the rare earths value chain, thanks to decades of state planning and strategic acquisitions.⁽⁶²⁾

Cognizant of its clients' appetite, Beijing is preventing them from stockpiling REEs during the one-year truce window. By enduring lower price points, China makes the mineral industry untenable for new competitors.

The million-dollar question regarding whether the truce will prematurely demise or smoothly conclude holds the secret of REE's fate and with it the course of geoeconomic and geopolitics. If Trump and Xi's cooperative engagement falls apart, the Western and East Asian tech boom may nosedive, spiking

global anxieties. Trump may choose to impose even harsher sanctions while Xi may choose to wait it out besides diversifying its export customers.

Space Race: From Low-Earth Orbit to Moon Base

In 2024, China's Chang'e 6 lunar mission successfully brought soil samples while India became the fourth country to land an uncrewed exploration module on the moon. The year 2025 marked a significant milestone in human space activity. Blue Ghost M1 achieved a successful lunar landing, while SpaceX's Starship made remarkable strides. Mars missions advanced notably with the launch of ESCAPADE and the groundbreaking flyby of Europa Clipper. Meanwhile, private space activity flourished, highlighted by debut of Blue Origin's New Glenn. China and Europe also significantly increased their presence in LEO.

Artemis II is scheduled to send four astronauts around the Moon in February 2026, taking any human farthest in space since the Apollo era.⁽⁶³⁾ If all goes well with the forthcoming mission, the United States' lunar mission Artemis III scheduled for 2027 will preserve its lead in sending humans to the moon despite China's speedy progress as it

is scheduled to send a crewed mission by 2030. Will NASA overcome the challenges at hand i.e., delays in developing a working lunar lander and spacesuits? So far, the US agency is tight-lipped about progress and prospects of a delay. The 10-day mission is designated to test crucial systems needed for deep space survival. After separating from the rocket's core stage, the astronauts will face extreme conditions where rescue is impossible. The uncrewed Artemis I mission revealed heat shield damage. SpaceX's Starship-based Human Landing System (HLS) is planned for this mission which also faces substantial hurdles, including orbital refueling and lunar vertical landing, before it can carry astronauts. Artemis is ambitious yet precarious, with each Space Launch System (SLS) rocket costing approximately \$2 billion. The program is not just about stepping on the moon but also achieving scientific breakthroughs, leading to eventual establishment of a crewed base and also setting up of Lunar Gateway, a planned space station for sustained moon presence. The gateway is envisioned to serve as a staging point for future lunar operations and deep space exploration via Artemis IV in 2028 and Artemis V in 2030.

On the Chinese front, the Long March 10 rocket is set for its maiden launch in 2026. This heavy-lift rocket is specifically designed to carry a new generation of crew spacecraft, the Mengzhou, and a lunar lander into translunar orbit, setting the stage for the long-term goal of landing astronauts on the moon by 2030. If the initial tests succeed, the China Academy of Launch Vehicle Technology (CALT) expects to make the Long March 10 available for a crewed flight as early as 2026, a significant step forward in the country's space exploration program. The Long March 10 is the linchpin of China's missions to vision of the Guanghan Palace (China's ambitious plan for a permanent lunar research base), including its goal of a crewed lunar landing. Powered by liquid oxygen-kerosene first and second stages, along with its cryogenic liquid hydrogen-liquid oxygen third stage, the heavy high-stakes rocket is to escape Earth's gravity and send spacecraft en route to the moon. The China National Space Administration (CNSA) plans to establish a sustainable human presence on the moon to conduct scientific research on the lunar surface. China's moon infrastructure project recently unveiled experimental lunar bricks, which were

exposed to space for a year and brought to Earth.⁽⁶⁴⁾

LEO is now an integral element in modern-day battlefields and economies alike. Ukraine had to succumb to US pressure and sign a mineral deal after being threatened with being cut off from the Starlink satellite internet. It was neither the first time nor the last. In 2023, Elon Musk arbitrarily severed satellite internet service for Ukraine coverage in Crimea, halting its military campaign.⁽⁶⁵⁾ Starlink service outages have come as a wakeup call for US allies and adversaries alike.⁽⁶⁶⁾

In February, US negotiators threatened their Ukrainian counterparts that the United States could shut off Ukraine's Starlink satellite internet if Kyiv refused to grant Washington access to its critical minerals.⁽⁶⁷⁾ The conflict between Russia and Ukraine has reinforced how important connectivity is to modern warfare. The core strength of satellite internet is its ability to provide connectivity to anyone with a receiver, while its fast, simple setup provides an advantage on the battlefield. Ukraine's experience has shown, however, that allowing a foreign company to provide this crucial service comes with risks, further spurring countries to plan their own networks. The Musk-owned giant

owns 75% of satellites circling in LEO. Nearly 2,000 kilometers from Earth, LEO is ideal for lower latency, speedy data transfer and superior connectivity than geostationary (GEO) satellite alternatives. Qianfan of China and Eutelsat OneWeb (Europe), jointly owned by French, UK and Indian companies are competing also in the race with a plan for a 634-satellite constellation,⁽⁶⁸⁾ albeit far behind. Beijing's state-owned Guowang constellation plans to launch 13,000 satellites. Shanghai Spacecom Satellite Technology (SSST) has over 100 satellites in LEO while Qianfan aspires to connect the world with its 15,000-satellite constellation.⁽⁶⁹⁾ The EU is fielding 290 IRIS2 satellites. Amazon initially aims to launch 3,000 satellites to form its Project Kuiper network.

The space remains least regulated domains of economic and military activity where close calls between satellites have already been on the rise. Given its two-thirds occupancy, Starlink satellites are involved in majority of incidents. SpaceX alone plans to launch 42,000 satellites eventually. LEO is populated with governmental and private satellites of various ilk. ITU is swarmed with hundreds of thousands of satellite frequency allocations, prompting talk of "paper satellites"

aimed at blocking space and denying legitimate projects of competitors and adversaries. Geopolitics aside, the geoeconomic cost of satellite collision can bring the world to a standstill.

When two satellites collide, the broken parts would launch a cascade effect, called Kessler Syndrome.⁽⁷⁰⁾ Once a chain reaction of satellite breakup begins, there are no viable means to stop it. The overheating contest for space and lunar dominance, in the name of science, is entering a dangerous phase. While headlines may focus on lunar missions by the United States and China, the unregulated overcrowding of LEO, largely driven by private, capitalist companies, is likely to draw less public attention. However, a collision of two satellites could trigger a Kessler Syndrome event, leading to the loss of GPS services and internet connectivity. This impact on the global economy and geopolitics would be far more severe than a brief internet outage caused by a submarine cable disruption. In the spirit of cooperative competition, a space summit is directly needed to regulate peaceful deployment and use of lunar and LEO. Given the disruption in the global order and increasing dependence of military operations on space infrastructure, projections of its militarization

appear increasingly tangible. Russia's development and likely deployment of nuclear-powered missiles, the United States' ambition to develop the Gold Dome missile shield and China's breakneck success towards supremacy in building its lunar base necessitate multilateral efforts to keep space operations regulated and transparent to ensure its peaceful use. Offensive activities in space set earthlings on course for assured destruction. Yet, no UN Space Summit is scheduled for 2026.

Technological Innovations Reshape Military Doctrines

Technological advancements accelerating innovations in materials and systems in the civilian domain have been upending the defense industry in an exceptional manner. In 2025, surging reliance on AI-assisted systems and devices increased significantly in comparison to the year prior. Intensifying nationalism worsened the threat environment, creating an appetite for advanced weapons, doctrinal transformation and reforms in organizational structures and customization of training regimes. The 12-day Israel-Iran war and four-day India-Pakistan conflict shed light on the unconventional manner adversaries attacked each other. In neither case,

ground forces were engaged. More or less, both the conflicts involved kinetic and non-kinetic actions, highlighting the use of advanced technology like satellites, drones and ballistic missiles. Iran's air force and air defenses were rendered ineffective, if not inoperable, leaving the airspace uncontested for Israeli and US jets. Pakistan shot various Indian air force jets by ingeniously deploying beyond visual range (BVR) missiles⁽⁷¹⁾ while India penetrated its adversary's airspace with cruise missiles and loitering munitions albeit for inflicting marginal costs.⁽⁷²⁾ Russia's botched invasion in the face of Ukrainian defenses, the Iran-Israel war and India-Pakistan conflict shed light on the nature and conduct of future warfare.

In late November, Türkiye's Bayraktar Kizilelma unmanned combat aerial vehicle (UCAV) shot down another jet-powered drone using a BVR Gokdogan missile. The epoch-making interception was guided by Aselsan's Murad radar.⁽⁷³⁾ The drone, air-to-air missile and radar involved are all indigenously produced in Türkiye. No doubt, it has opened a new chapter in airpower. It is unclear as to how much a role the accompanying F-16 pilot played in detecting, locking and firing the missile. Kizilelma is a single-engine, low-observable,

carrier-capable, jet-powered subsonic UCAV, which is said to be powered by AI. The UCAV with stealth features can be deployed inside a contested airspace to perform offensive missions against air and land targets. The first instance of drone-on-drone attack occurred in 2017 when the MQ Reaper aimed an AIM-9 missile at another drone. In 2020, an MQ-9 with an A-9X took down a cruise missile.

Russia has not only upgraded Iran licensed Shahed drones with jet engines but has also strengthened their structure to install better guidance systems and a variety of munitions including R-60 air-to-air missiles to shoot down low-flying Ukrainian helicopters.⁽⁷⁴⁾ To counter large Russian drones flying at great heights for reconnaissance and strike missions, Ukraine has developed Bagnet, a drone interceptor capable of reaching an impressive altitude of 11 kilometers.⁽⁷⁵⁾

Ukraine also brought the assembly line for drones closer to the frontlines by 3D printing airframes in a few hours and installing the pre-ordered electronic components in configurations suitable to battlefield requirements.⁽⁷⁶⁾ Such facilities cater to troops' needs for small reconnaissance and attack drones, alternating between GPS guidance

and fiber-optic cable. In a year since 3D-printed drones were introduced, Ukraine and Russia have both matured their capabilities. Ukraine also earned the distinction of shooting down a Russian MI-8 helicopter with uncrewed maritime vehicles (UMVs) by using an improvised air-to-air missile.⁽⁷⁷⁾ Laden with stunning innovations and quirks, the country without a navy has managed to push the Russian Black Sea fleet away from the vicinity of Ukrainian waters.

As modern navies race for small and larger uncrewed submersible vehicles (USVs) and UMVs, China has developed AJX-002 extra-large unmanned underwater vehicle (XLUUV) for deep ocean patrols and reconnaissance missions.

Beijing further expanded its battlefield drone capabilities with the commissioning of a Wing Loong variant in an anti-submarine role in tandem with Z-20F helicopters aboard its aircraft carriers and other warships.⁽⁷⁸⁾

Across the Atlantic, the US defense giant Sikorsky unveiled an unmanned version of its large helicopter S-79.⁽⁷⁹⁾ The latest iteration —the UAS U-Hawk — is destined for intelligence, surveillance and reconnaissance (ISR) and logistics roles. Meanwhile, the United States continued flight tests of two

prototypes of B-21 Raider, the world's first sixth-generation aircraft that will be capable of carrying both nuclear and conventional weapons. China has been conducting flight tests of two different stealth bombers, J-39 and JH-X respectively but little is public about their capabilities except low-observable profile, number of engines and layout.⁽⁸⁰⁾

Among other notable defenseware advances is Russia's short-range low altitude Pantsir SMD-E against drones and cruise missiles. To counter drones with directed-energy, France developed HEMLA-LP as is LY-1 Laser Weapon of China.⁽⁸¹⁾ Ukraine, South Korea and Türkiye seem to lead the way in cheaper and lighter counter-drone weapons.⁽⁸²⁾

DF-61, a road-mobile solid fuel ICBM from China, is claimed to virtually reach any adversary across the globe but little known is about its speed and payload, complemented by JL-3 submarine-launched ballistic missile, which complements Beijing's second strike capability.⁽⁸³⁾ As the United States rushes to develop the Golden Dome defense shield, China unveiled HQ-29 strategic ballistic missile defense shield for interception in space.

Driven by the immense pace of disruptive technologies leading to man-on-the-loop and off-the-loop

quagmires, strategists in modern militaries are playing catch-up. The military doctrines, from nuclear to conventional, and counter-terror to hybrid domains, are in a constant race for refinement. The speedy transition from platformcentric to missioncentric warfare depends on the effects of military hardware. On the organizational plain, the emergence of Joint All Domain Command & Control (JADC2) necessitates realtime data fusion across services and allies. Add to it Expeditionary Advanced Base Operations requiring forward, lowfootprint bases supported by rapiddeployment kits and autonomous resupply.⁽⁸⁴⁾ Under the constant rather real-time gaze of the adversary via satellites and autonomous ISR platforms, massive, permanent and distant bases become attractive targets. Future military doctrines will depend decisively on integrated deterrence, fusion of kinetic (military), cyber, informational and economic levers. Reliance on already existing doctrines and organograms is likely to bring modest performance in AI-assisted, speedy decision-making and use of advanced, smart weapons systems by the adversary.

In the era of geopolitical polarization and technological advancement at a phenomenal pace, military industrial

complexes are certainly receiving the lion's share. Leaving ethical concerns on the backburner, AI-enabled weapons have become buzzwords in government, the strategic community and arms industry. The widening gap between military modernization amongst neighbors and rivals can likely lead to erosion of the balance of power and deterrence, hence a greater likelihood of wars leading to stalemate. Year 2026 will manifest this trend more vividly than 2025 as doctrines evolve, new weapons on order are commissioned and adaptive, integrated force designs take shape. The breakneck pace of innovation and upgradation of existing systems, in hardware and software terms alike, will be weighing heavily on struggling economies, pouring extensive money and influence into the hands of major arms industry players and creating a bloated sense of superiority amongst generals over the adversary. With arms control regimes already undermined and the UN and other global institutions facing political and financial tribulations, conflict management and resolution and peacekeeping appear peripheral. The era of innovation powered by semiconductors and AI has only just begun.

The Return of Nuclear Arms Race Between Great Powers

In 2024-2025, nuclear weapons only made headlines when the Russian leadership threatened the West over providing defensive arms to Ukraine. The nuclear alarmism did not move the needle. Behind the scenes, a weakening Russia prepared to reassert its nuclear supremacy, the United States modernized its nuclear arsenal and forces while China refined its delivery intercontinental delivery systems. By the end of 2025, the nuclear arms race was out in the open, with Russia testing nuclear-fueled missile and torpedo with unprecedented endurance (in theory), escalating the threat envelope beyond the Cold War scale. The nuclear buildup followed the gradual collapse of major guardrails for arms control.

On October 21, Russia successfully tested its nuclear-powered Burevestnik (RS-SSC-X-09 Skyfall) missile, which flew 14,000 kilometers in around 15 hours, proving its long-endurance. The feat followed over a decade of multiple failures.⁽⁸⁵⁾ A week later, the United States revealed that the Burevestnik is road-mobile, making it much more survivable than a fixed launcher.⁽⁸⁶⁾ The Russian armed forces have been ordered to operationalize the missile after

determining its weapon class, potential uses and readying necessary where-withal. Since the nuclear-powered and nuclear-tipped missile can be integrated into existing Iskander and Oreshnik launchers, which have been operational since 2006 and 2024 respectively, its commissioning process will be expedited once the assembly-line becomes operational.

Over a week later, President Vladimir Putin announced Russia has successfully tested a Poseidon nuclear-powered super torpedo, which military analysts believe is capable of devastating coastal regions by triggering massive radioactive ocean waves. The torpedo, carrying a two-megaton warhead, has a range of 10,000 kilometers and can travel at 185 kilometers per hour. Twenty meters long, 1.8 meters in diameter and weighing 100 tons, Poseidon is thought to be powered with a liquid-metal-cooled reactor.⁽⁸⁷⁾

Russian advances in offensive nuclear capabilities, exemplified by the Burevestnik and Poseidon, have been justified by Putin as necessary to counter US investments in missile defense, particularly the Golden Dome initiative. Linking the nuclear-powered missile to the US defense shield President Donald Trump announced in 2025 is

factually incorrect. Russia has been developing the Burevestnik for a decade in a bid to replicate the United States' Project Pluto which led to first test of nuclear-powered ramjet engine for use in cruise missiles in 1961.⁽⁸⁸⁾ Washington shelved the program due to the development of ICBMs and environmental concerns stemming from high noise-level and inflight radioactive emissions and scenarios of accidental crash. The United States abandoned the project after successfully testing the nuclear-fueled ramjet engine. Under the pretext of penetrating Trump's Golden Dome, Putin is adamant to commission the lethal, offensive missile in Russia's arsenal. Other powers will follow suit in the name of preserving strategic stability.

In response to Russian nuclear drills and testing of nuclear-powered missile and torpedo, Trump ordered the US military to be ready to restart the process for testing nuclear weapons.⁽⁸⁹⁾ The Russian president, then, also directed his military to plan a response to US nuclear testing.⁽⁹⁰⁾ The most recent nuclear test was conducted by North Korea in 2017. Russia since the collapse of the Soviet Union has not conducted any test since (the last test was in 1990), the United States in 1992 and China in 1996, followed by underground tests by India

and then Pakistan in 1998. Though President George H.W. Bush, announced a testing moratorium in 1992, Washington has not ratified the Comprehensive Test Ban Treaty (CTBT) while Moscow also annulled its assent to the accord in 2023. In total, atmospheric, surface and subterranean tests rack up to 2,056.⁽⁹¹⁾

Ranked by the number of nuclear warheads, Russia tops the list with 5,580 leading the United States' 5,225 by a wide margin and China is estimated to possess over 600. Experts believe that Beijing is increasing its nuclear weapons stockpile as the global order loosens and tensions rise.⁽⁹²⁾ Altogether, the world's nuclear warheads, strategic and tactical, add up to 13,000.⁽⁹³⁾

It is unlikely for the United States to test a nuclear bomb without the allocation of funds by Congress and an estimated three-year timeframe is required for the preparations.⁽⁹⁴⁾

The nuclear modernization program currently underway was initiated by Obama, Trump did not finish it, and it will continue for another two decades. The United States already tests its missiles (without nuclear payloads) to ensure that they can launch safely. Russia's expansion of nuclear offensive capabilities is not solely due to US missile defense efforts.

President Obama had ordered the modernization of US nuclear arsenal in 2016 to which Putin responded by developing Burevestnik, albeit unsuccessfully. With the Ukraine conflict raging, the world order flailing and China's ascent, the nuclear arms race has no significant obstacles to slow it down. The breakdown in the arms control regime began during the first Trump administration. Then the United States followed by Russia withdrew from the New Strategic Arms Reduction Treaty (New START), which came into effect in 2011, limiting the number of deployed intercontinental nuclear missiles.⁽⁹⁵⁾ Another nuclear guardrail was removed in 2019 as the United States and Russia quit from the Intermediate-Range Nuclear Forces Treaty (INF Treaty) that barred ground-based intermediate range missiles. In 2021, the United States exited from Anti-Ballistic Missile (ABM) Treaty, which was in effect from October 1972. Russia followed suit.⁽⁹⁶⁾ The US policy shift on arms control regimes and nuclear modernization has also to do with China's exclusion from the treaties and rapid upgradation of its military and nuclear stash. Beijing has been rejecting US pressure for new trilateral arms control agreements as its nuclear warheads are

far smaller than what Russia and the United States possess.

In a nutshell, the testing of Russia's nuclear-powered Burevestnik cruise missile and torpedo Poseidon are harbingers of a more lethal and destabilizing arms race. It is likely that the United States will respond in 2026, followed by China and possibly India. The concept of the Golden Dome missile shield is faced with technological, geopolitical and financial challenges. Congress has yet to take up the National Defense Authorization Act seeking \$900 billion for military modernization including the Golden Dome.⁽⁹⁷⁾ The US missile shield, like Russian air defenses, is pitched to strengthen deterrence, raising the threshold for attacks and ensuring strategic stability. Unlike the laborious congressional and bureaucratic processes, Russia and China move faster in secrecy. The phenomenon of nuclear forces' modernization is fueling uncertainty and hysteria.

As for nuclear testing, none of the major powers need nuclear tests per se, given colossal computational advancements. If the United States conducts a nuclear weapons test, the other nuclear powers will gain invaluable knowledge by testing their devices. For

Washington, its decision is tantamount to an own goal.

The world has been slowly heading toward strategic instability, which is going to pace up in 2026, unless an amicable and widely acceptable resolution to the Russia-Ukraine war is reached and the P-5 deliberation on nuclear arms control is concluded with a futuristic outlook, resetting the tempo of the dynamics of the escalating arms race.

Conclusion: Future Scenarios for Non-Traditional Security Issues

China's dominant position in REEs production, accounting for over 80%, leaves the rest of the world heavily reliant on its supply. While non-Chinese production is ramping up, the United States alone is projected to reach around 40,000 metric tons by 2030, still falling short of Europe's expected demand of about 45,000 metric tons. Beijing's licensing system underscores the West's vulnerability; it is rigorous, favors certain industries over others and can be used as a geopolitical tool.

The US-China trade war could disrupt the global tech boom if it intensifies, with each side imposing harsher sanctions or diversifying export customers. Over the next few years, the world will struggle to reduce its dependence on

Chinese REEs, allowing Beijing to play its hand strategically rather than maintaining a strict monopoly.

In space, the risk of disaster grows as major players jostle for dominance. While lunar missions grab headlines, the unregulated congestion of LEO by private companies could lead to a Kessler Syndrome event, disrupting GPS services and internet connectivity. This would have severe economic and geopolitical implications, given the militarization of space and ongoing geopolitical tensions.

The rapid advancement of AI-enabled weapons is widening the gap between military superpowers and struggling economies. With arms control regimes weakened and global institutions facing challenges, the world is heading toward strategic instability, set to intensify in 2026 unless diplomatic efforts succeed in resolving conflicts like the Russia-Ukraine war. The five permanent members in the UN Security Council must engage in meaningful dialogue on nuclear arms control to prevent this.

The Global Economy in 2025: Review and Outlook

A significant share of the 2024 ASR forecasts proved accurate. The report correctly projected an increase in gold

prices, defying several international forecasts that had expected a decline. It also accurately anticipated the persistence of weak global growth prospects, further reductions in interest rates and a rise in international protectionism following Donald Trump's return to the White House. In addition, the report's expectations regarding China's responses to US tariffs were realized, as were the predicted negotiations aimed at limiting economic losses on both sides, culminating in a one-year agreement between China and the United States to reduce tariffs. By contrast, the projection that oil prices would rise in 2025 did not materialize, as prices continued their downward trajectory. Within the framework of tracking global economic trends and seeking to identify the most salient developments of 2025 while anticipating future trajectories, this section focuses on two core themes: first, global economic trends in 2025, highlighting key economic issues and pivotal phenomena shaping the year; and second, shifts in global economic geography, examining changes between centers and peripheries in order to map evolving geoeconomic transformations and identify the foundations upon which potential future centers of economic gravity may emerge.

Key Developments in the Global Economy in 2025

Since the outset of the current decade, the global economy has been subjected to successive and far-reaching shocks, beginning with the fallout from the COVID-19 pandemic and intensifying geopolitical conflicts, most notably the Russia–Ukraine war and escalating tensions in the Middle East. These shocks have been further reinforced by the renewed spread of protectionist policies, intensifying economic rivalry among major powers and heightened competition for technological dominance. Collectively, these dynamics have disrupted global growth paths, heightened uncertainty, strained supply chains and triggered sharp volatility in energy, commodity and financial markets. Against this backdrop, 2025 emerged as a critical juncture for reassessing global economic performance and trajectories, the most salient of which can be distilled into six principal dimensions as follows:

A Historic Surge in Gold Prices

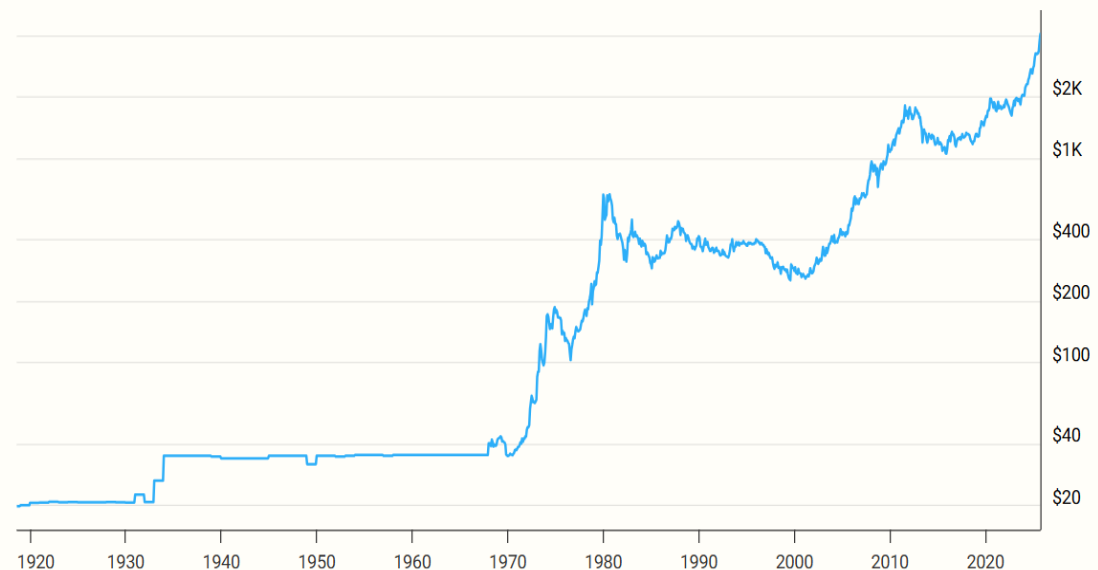
The sharp rise in gold prices during the final quarter of 2025 ranked among the year's most notable economic developments. Prices increased by more than 60% from their level at the start

of 2025, achieving this gain within 10 months and reaching nearly \$4,400 per ounce (approximately 31 grams). This represented an exceptionally rapid and significant escalation. Several factors underpinned this surge, most prominently concerns over the economic consequences of the ongoing trade war between the United States and China, as well as with other countries; the US government shutdown alongside Federal Reserve interest-rate cuts; anxieties about mounting US and Japanese debt levels; political paralysis in France, accompanied by recurrent protests;

and a range of global geopolitical disruptions. Together, these dynamics intensified fears of global economic instability, a slowdown in international trade and the risk of recession in major economies, with potential spillovers to global financial and currency markets. In response, central banks and investors increased their allocations to gold and silver as safe-haven assets to hedge against these anticipated risks.⁽⁹⁸⁾

A review of gold price movements over the past century indicates a clear long-term upward trajectory (see Figure 1.4), while also highlighting episodes of

Figure 1.4: Price of an Ounce of Gold in US Dollars (2025–1920)



Source: Macrotrends.

sharp price spikes followed by extended periods of decline that often outlasted the peaks themselves, in some cases stretching for decades before prices returned to earlier highs. Notably, the 1980 peak of \$630 per ounce was followed by a prolonged downturn, with prices not recovering to that level until 2006. A comparable, though contextually distinct, pattern emerged after the 2011 peak of \$1,700 per ounce, which was followed by a nine-year decline before prices regained that level in 2020. The most recent surge, occurring in late October 2025 and lifting prices to approximately \$4,400 per ounce, therefore raises a central question: does this mark the continuation of a sustained upward trend, or will gold once again follow a cycle of sharp ascent followed by an extended correction?

The response to this question is closely tied to how the underlying drivers of the recent surge evolve in the period ahead. Much will depend on whether these variables move in a direction that amplifies concerns among central banks and major investors, or instead provides reassurance about the trajectory of the global economy. At present, the tightening of several US economic policies has clearly undermined confidence in holding the US dollar. In

parallel, the widely expected gradual decline in interest rates over the coming year is likely to strengthen incentives to hold gold as a safe-haven asset. Taken together, these factors support continued upward pressure on gold prices in the foreseeable future, consistent with its long-term historical trend, even if short-term volatility persists.

At the same time, it is important to recognize that sharp corrections in gold prices remain a possibility. When such declines occur, historical experience suggests they tend to be both swift and prolonged, often lasting many years. For this reason, gold investment specialists generally advise adopting a staggered purchasing strategy over extended periods to mitigate timing risks. They also emphasize the importance of allocating only surplus, non-essential funds to gold, maintaining diversification across investment options and prioritizing long-term investment horizons over speculative approaches that lack sufficient expertise.

The US Tariff War and the Revival of Protectionism

In April 2025, Trump imposed steep tariffs on the country's largest trading partners, citing persistent trade imbalances in their favor. The measures

targeted China, Japan and several European countries, marking a clear departure from decades of US-led efforts, since the late 1980s, to liberalize global trade and dismantle barriers to the movement of goods and services. In response, a limited number of countries adopted retaliatory measures, including counter-tariffs and export restrictions. China emerged as the most forceful critic of the US actions, followed by Canada, Mexico and the EU, while many other countries — among them Japan and several European and Asian states — chose negotiation and concession as their primary course of action.

Although Trump announced in October the conclusion of a one-year trade agreement with China —under which tariffs were reduced from 57% to 47% in return for Beijing resuming purchases of US soybeans and ensuring continued exports of rare earth minerals — the broader direction of US trade policy is likely to entrench protectionist tendencies. If sustained, these policies are expected to raise the costs of goods and international trade and to weigh on global growth. They may also generate negative spillovers for the US economy itself, notably through higher inflation and diminished confidence in the United States as a driver of global economic

expansion, while simultaneously accelerating trends toward economic diversification elsewhere.

Declining Interest Rates and Oil Prices and Their Implications for Global Growth

During 2025, the US Federal Reserve cut interest rates three times, most recently in December, bringing the target range to between 3.5% and 3.75% in an effort

to support slowing economic activity. These reductions followed a period in which rates had climbed to 5.25% in the aftermath of the COVID-19 pandemic, as policymakers sought to absorb excess liquidity and contain inflationary pressures. Further rate cuts are anticipated in 2026, aimed at stimulating growth and preventing a deterioration in labor market conditions.

Lower US interest rates increase the likelihood of higher prices for alternative assets such as gold, equities, oil and potentially cryptocurrencies, while also encouraging capital flows toward emerging markets offering comparatively higher returns. Although the concurrent decline in interest rates and international oil prices — down roughly 18% since the start of the year — would normally support global growth, major

Table 1.3: GDP Growth Rates Around the World (2026–2024)

Real GDP (Annual Change Rate)	2024	2025	2026
Global GDP growth	3.3	3.1	3.1
The US	2.8	2	2.1
Eurozone	1.1	1.2	0.9
The UK	1.1	1.3	1.3
Japan	0.1	1.1	0.6
China	5	4.8	4.2
India	6.5	6.6	6.2
KSA	2	4	4
Middle East and Central Asia	2.6	3.5	3.8
South America and the Caribbean	4.2	4.4	5

Data source: “World Economic Outlook,” *IMF*, October 2025.

Note: 2025 (estimates), 2026 (forecasts).

international economic institutions remain pessimistic. They expect the global economy to continue slowing, largely due to weak performance in advanced economies. The IMF projects global growth to ease from 3.2% in 2025 to 3.1% in 2026, with particularly subdued prospects for the United States and the eurozone,⁽⁹⁹⁾ reflecting the ongoing trade war, rising public debt, political pressures on central banks and persistent geopolitical tensions. By contrast, India, China and several Middle Eastern and Asian economies are expected to record relatively stronger growth in 2026.

It is noteworthy that Brent crude prices fell to their lowest level in five years during 2025, dropping below \$65 per barrel by the year’s end (see Figure 1.5). This decline reflected a combination of weak global demand, excess supply and slowing economic growth, alongside US pressure to push prices lower. In response, OPEC is expected to move toward freezing production increases in the coming year, following a historic decision to review and reassess member states’ spare production capacity. This process is intended to establish more equitable production quotas and to

support the stabilization of output levels and prices in 2026.

Concerns Over an AI-driven Asset Bubble
Share prices of companies focused on AI have risen sharply, supported by a substantial expansion in funding over the past two years. This surge in investment has fueled concerns about excessive valuations and the risk of abrupt price corrections reminiscent of the dot-com bubble of the 1990s, which erased hundreds of billions of dollars from US and global financial markets.

These concerns are underscored by the extraordinary gains recorded by the “Big Seven” technology firms. Nvidia, a leading producer of AI chips and processors, offers a striking example: its share price has increased more than 14-fold since early 2023 (see Figure 1.6), and by November 2025 its market capitalization had surpassed \$5 billion, making it the largest US company ever to reach such a valuation. Since November 2025, however, Nvidia’s share price has begun to retreat, reflecting growing investor unease about the possibility that the AI sector may be entering bubble territory.

Despite intensifying competition among major economies — most notably the United States and China — to develop and deploy AI applications such

Figure 1.5: Price of a Barrel of Brent Crude in US Dollars (2025–2021)



Source: Financial Times.

Figure 1.6: Nvidia's Share Price in US Dollars (April 2023–December 2025 ,18)



Source: Nasdaq.

as ChatGPT and DeepSeek, a degree of cautious optimism regarding their long-term prospects remains. At the same time, repeated instances in which AI systems have failed to accurately carry out human instructions in service-oriented sectors, including restaurants and banking, have raised questions about their reliability and their capacity to deliver performance consistently comparable to that of human workers. These concerns have been compounded by the high operating costs associated with AI applications and the growing

base of free users, factors that have weighed on company revenues and heightened doubts about future profitability. A sharp correction in AI-related equities would, by most assessments, erase trillions of dollars from US financial markets, with spillover effects extending across global markets.

Geopolitical and Goeconomic Tensions

In 2025, global geopolitical dynamics fluctuated between phases of escalation and de-escalation. Key developments included the Russia-Ukraine-Europe-

an confrontation; heightened tensions in the Middle East following exchanges of strikes between Israel and Iran; and Israeli military operations in Gaza, Syria, Lebanon and Yemen. These were accompanied by persistent frictions between China and Taiwan and intensifying competition for influence in the South China Sea. Collectively, these developments underscored the fragility of global stability, including economic stability, given their far-reaching effects on international trade, supply chains, energy and food prices and financial markets.

At the same time, the global economic landscape has been marked by accelerating efforts to weaken Western dominance and move toward a more multipolar economic order that includes countries from the East and the Global South, rather than a single center led by the United States and its Western allies. As a result, competition has intensified between established Western economies and emerging powers over access to advanced technologies and the rebalancing of economic power across production systems, energy markets, financial architecture, supply chains and other instruments of economic influence. In view of the growing significance of these goeconomic

shifts, heading two in this section examines these in detail.

The Shift by Major Companies Toward Small Modular Reactors (SMRs)

Rising global energy demand has drawn increased international attention to supporting and alternative energy technologies, including the deployment of nuclear energy through small modular reactors to meet the needs of energy-intensive companies and industrial facilities. Small modular reactors represent an advanced electricity-generation technology based on compact, portable nuclear units. Compared with conventional nuclear reactors, they have lower output, reduced risk profiles and less stringent regulatory requirements, while offering enhanced safety features.

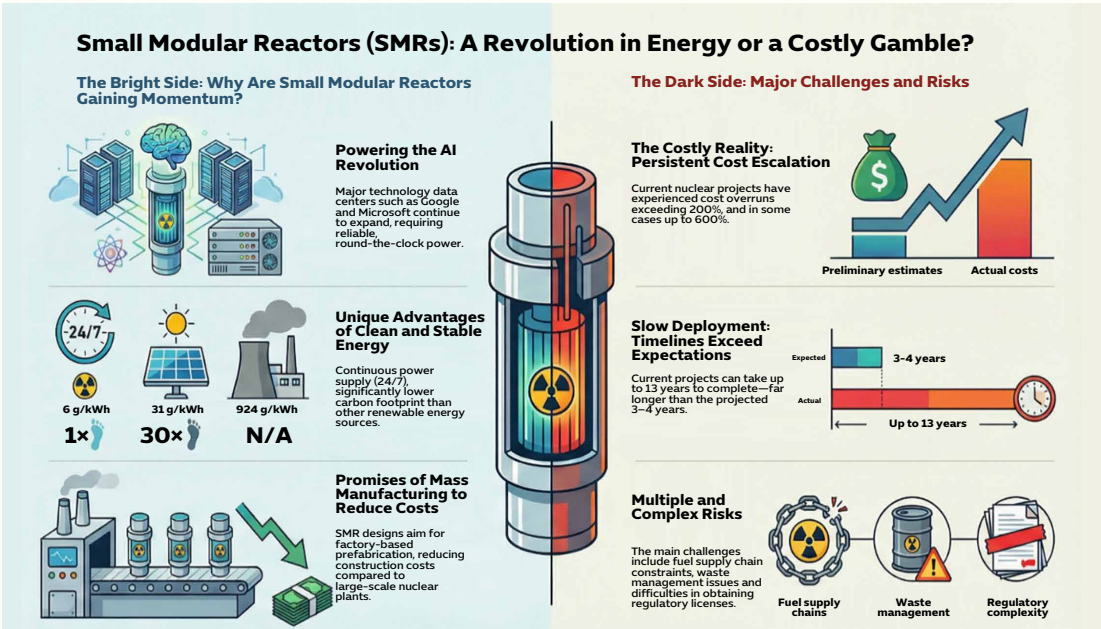
SMRs are expected to provide particular advantages for energy-intensive industries and factories, as well as for supplying power to remote areas or supporting water desalination, often at lower costs than traditional power-generation methods. A defining feature of this technology is that reactors can be fully manufactured off-site and then transported for installation, enabling long-term, sustainable operation. Individual SMRs typically generate

between 20 megawatts and 300 megawatts — roughly one-third the capacity of conventional nuclear reactors and sufficient to supply tens of thousands of households. Some smaller variants, known as microreactors,⁽¹⁰⁰⁾ can be transported by small trucks. Production costs vary by capacity, ranging from under \$1 billion to around \$3 billion. Despite their potential, the large-scale deployment of SMRs faces several obstacles, most notably high upfront

capital costs, extended manufacturing timelines that can span several years⁽¹⁰¹⁾ and complex regulatory frameworks governing nuclear fuel supply and waste management (see Figure 1.7).

At present, China and Russia are at the forefront of efforts to commercially deploy this class of reactors, while the United States and several European countries, including the UK, are working to narrow the gap. A number of Gulf states, notably Saudi Arabia

Figure 1.7: Opportunities and Challenges of Using Small Nuclear Reactors in Future Power Generation



©2025 Rasanah IIIS.
Data source: Several reports.

and the UAE, have also signaled plans to adopt this technology.⁽¹⁰²⁾ Looking ahead, both demand for and production of this energy source are expected to expand, supported by continued government initiatives aimed at lowering costs, enhancing safety standards and streamlining regulatory procedures. Moreover, the global shift toward greater investment in AI and digital mining is likely to further stimulate demand for such reactors, gradually easing the constraints that currently limit their wider deployment.

Future Trends of the Global Economy in 2026 and Beyond

Looking ahead, the international economy appears to be at a historical crossroads, where recurring economic crises intersect with dynamic geopolitical and geoeconomic shifts, alongside unprecedented rapid technological transformations. This convergence suggests that the global economy is entering a transitional phase marked by heightened volatility and instability. Global growth is likely to remain modest, debt risks are expected to rise and there will be an increasing emphasis on hedging and holding safe assets.

Geoeconomic competition among major powers is projected to intensify,

while capital flows are likely to favor more stable and attractive environments, gradually diminishing the appeal of some traditional economies — particularly if US protectionist policies continue to escalate. Persisting protectionist measures could dampen international trade and undermine confidence in the United States as a driver of global economic stability. At the same time, concerns over a potential burst in the AI bubble are expected to persist, posing risks to the stability of global financial markets unless current imbalances are addressed.

Nonetheless, this turbulent environment presents strategic opportunities for countries that can adapt to change, diversify their economies, invest in emerging technologies and alternative energy sources, and cultivate flexible partnerships within the evolving global system. The trajectory of the global economy will therefore not necessarily mirror past trends; rather, it will be shaped by the ability of international actors to manage risks, absorb shocks and develop more balanced, innovative and sustainable growth models. Just as electric vehicles have transformed the energy and automotive sectors, miniaturized nuclear reactors may likewise

revolutionize the production of affordable, sustainable and safe electricity in the years ahead.

Geo-economic Transformations and Their Trends

The Shifting Landscape of Global Economic Power

The debate over global economic centers of power is no longer solely about their multiplicity. Alongside the emergence of multiple centers, the decline of traditional powers — primarily the United States and the EU — has become increasingly evident. This waning influence is contrasted by the gradual rise of China, emerging economic blocs such as BRICS and ASEAN and numerous developing markets, most notably India, as well as other nations across Asia, Africa, South America and the Middle East.

The year 2025 has been particularly notable for significant geoeconomic shifts, largely in response to developments triggered by Trump's trade policies. These shifts are reflected across a range of quantitative and qualitative indicators, highlighting the accelerating competition to secure a position on the emerging global economic map. In this heading, we elucidate these dynamics, providing a clear picture of past

formations, current movements and anticipated future trends.

Shifting the Center of Economic Gravity

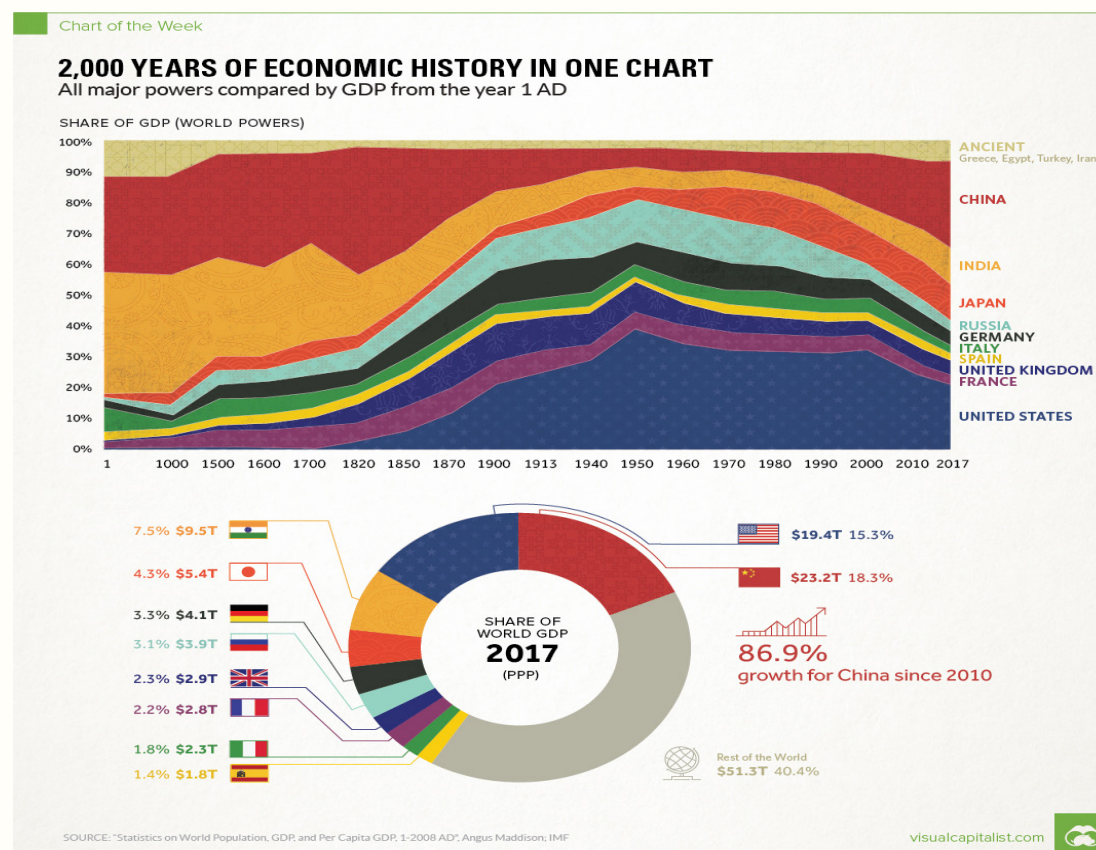
Economic history demonstrates that the distribution of global economic power is never static, evolving continuously over both long and short periods. Centuries before Britain established itself as a dominant global economic center — driven by its colonial expansion and the Industrial Revolution of the late 18th century — or before the United States assumed its position as the leading global economy after World War I, China and India were the primary engines of international production and trade for centuries. Other players, including the Netherlands, also played key roles, leveraging extensive agricultural and industrial output, the development of crafts and industries such as textiles, paper and metal, abundant labor forces and integration into regional and international trade networks spanning the Indian Ocean and the Silk Road, which connected East and West for over 1,500 years.⁽¹⁰³⁾

Figure 1 offers a broad illustration of the movements of major economic centers over a span of two millennia. It shows the continuous rise and decline of countries that served as economic

hubs or the largest contributors to global GDP — from the first century AD through the late 18th century, with China and India (and other ancient civilizations) dominating until periods of stagnation allowed new powers, including France, Britain and other European nations, to ascend from the 17th to

early 20th centuries. The United States then became the largest contributor to global GDP at the beginning of the 20th century, maintaining this position until its global share began to wane in the current century, coinciding with the resurgence of China and India after long periods of relative decline.

Figure 1.8: GDP Share of Global Powers Over 2,000 Years (2017-1)



Source: Jeff Desjardins, "2,000 Years of Economic History in One Chart," *Visual Capitalist*, September 8, 2017, accessed December 29, 2025, <https://www.visualcapitalist.com/2000-years-economic-history-one-chart/>.

In this way, the course of economic history underscores the continual movement and shifting positions between rising and declining powers, revealing the cyclical and dynamic nature of global economic influence.⁽¹⁰⁴⁾

The Return of Global Economic Power to the East

Recent years have produced multiple indicators pointing to pronounced geo-economic shifts on the global stage. Although the foundations of these changes began developing over the past two decades, geopolitical developments,

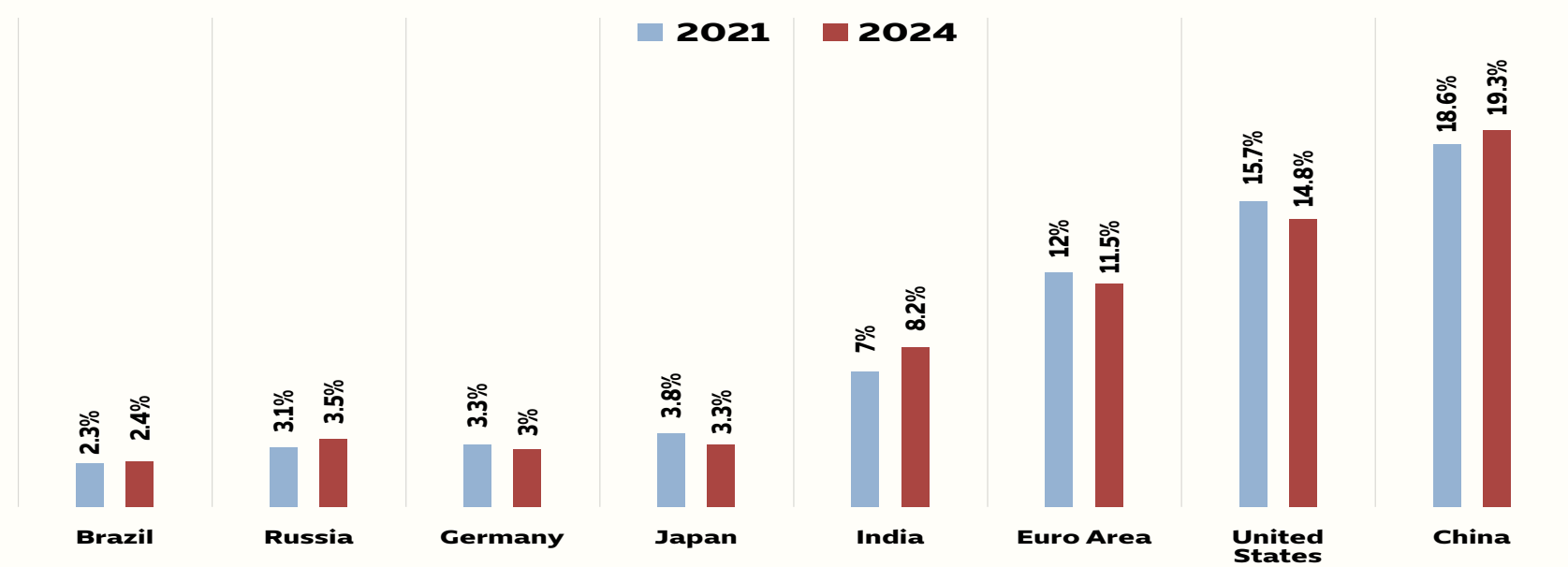
global crises and rising US protectionism have accelerated their emergence, signaling the start of a new phase in economic history, distinct from previous eras. The following outlines eight key indicators of these ongoing geoeconomic shifts:

The Redistribution of Global GDP and Global Exports

China has emerged as the largest contributor to global GDP, accounting for 19.3% based on purchasing power parity — a significant rise from three years ago (see Figure 1.9). This positions China as

the principal engine of the global economy and effectively the world’s factory, surpassing the United States, which ranks second at 14.8%, and India, which ranks third at 8.2%, reflecting notable gains over the same period. Collectively, emerging markets and developing economies now represent 60.4% of global real GDP, compared with 39.6% for advanced economies. China also accounted for 11.8% of total global exports of goods and services, maintaining its position as the world’s largest exporter until 2024, with its share continuing to

Figure 1.9: Shares of the World’s Largest Economies in Global GDP (2021–2024)



Layout and design: Rasanah IIIS, 2025.
Data source: IMF, October 2022, October 2025.

rise annually. By comparison, the United States accounted for 10%, Germany 6%, Japan 2.9% and India 2.6% of global exports.

The Redistribution of Global Supply Chains According to New Criteria

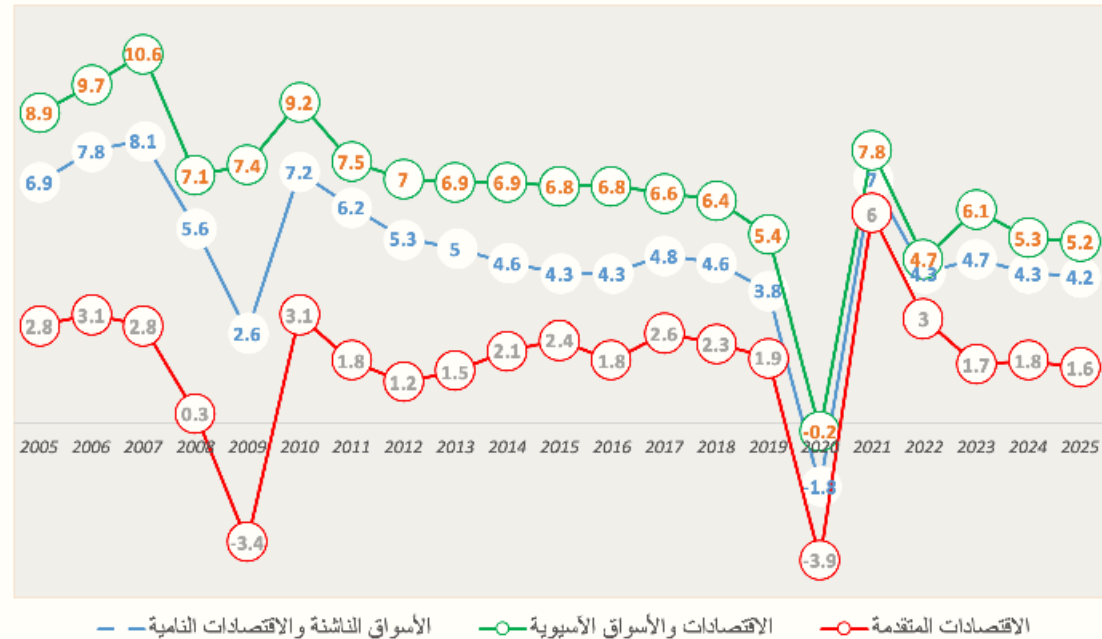
International companies no longer select partners solely on the basis of cost considerations. A new trend has emerged that prioritizes, alongside lower costs, reliability and long-term alignment — often referred to as “friend-shoring.” This concept denotes partners with stable political and economic relations that share compatible political and economic orientations. For instance, the United States and Europe are incentivizing firms to produce semiconductors domestically and to collaborate with preferred allies such as Taiwan and South Korea, rather than investing in China. Similarly, there is an increasing emphasis on reshoring production and supply chains, favoring geographically closer markets over distant ones to reduce transportation and logistics risks, particularly during crises. This trend is exemplified by rising US investments in Mexico rather than in distant Asian markets.

Rise of Emerging Economic Blocs and the Development of Alternative Payment Systems

International economic blocs are gaining influence year by year. The BRICS group, which expanded in 2024, now represents nearly half of the global population and 40% of total global output. Other blocs, such as ASEAN and SCO, led by China, are working to reduce reliance on the US dollar and establish alternative or parallel payment systems

to SWIFT. The objective is to create a global financial framework that diminishes the dollar’s dominance over international trade and finance while providing services free from political pressure. Notable examples include the New Development Bank (NDB)⁽¹⁰⁵⁾ and China’s Cross-Border Interbank Payment System (CIPS), whose transaction volume reached approximately \$25 trillion in 2024⁽¹⁰⁶⁾ and continues to expand steadily.⁽¹⁰⁷⁾

Figure 1.10: Real GDP Growth Rate of Economic Markets (2025-2005)



Layout and design: Rasanah IIIS, 2025.

Data source: IMF, October 2025.

Weak Economic Growth in the West

Many Western industrialized nations have experienced sluggish real growth over the past two decades, averaging just 1.7% annually (see Figure 1.10). This contrasts sharply with significantly higher growth rates in Asian economies, averaging 6.8% per year, and 4.9% in emerging and developing markets.⁽¹⁰⁸⁾ These figures reflect the ongoing momentum of economic development in these regions, both at the macroeconomic level and within individual economies.

Diverging Middle-Class Trajectories: Stagnation in the West, Expansion in the East

Over the past two decades, the middle class in Western economies has steadily contracted, accompanied by rising inequality and poverty, particularly in the United States⁽¹⁰⁹⁾ and key European economies such as the UK and France. In contrast, the middle class has expanded significantly in many emerging economies, including China, India, Vietnam, Thailand, the Gulf states, Latin America and others. The growth of the middle class is a critical driver of demand, consumption, savings and investment; it also serves as a catalyst for innovation and a stabilizing force for economic and political structures within societies.

From Neoliberalism to Protectionism: A Global Shift

This trend is particularly evident under the Trump administration, which spearheaded international measures aimed at constraining free global trade through tariffs, restrictions on immigration and labor mobility and a renewed emphasis on domestic industry and investment. These developments marked a sharp departure from the US-led global trajectory since the 1990s, which had promoted globalization, free trade and open markets in the aftermath of the Soviet Union's collapse.

Crisis of Confidence in International Institutions

Confidence in global institutions — particularly economic ones such as WTO, the IMF and the World Bank — has eroded sharply. These institutions have repeatedly failed to address recurring economic crises, ongoing trade disputes and the rising government debt of developing nations.⁽¹¹⁰⁾ This lack of effectiveness is further compounded by the apparent dominance of the United States in decision-making and its practice of seizing the assets of countries with which it has political disagreements. A notable example is the US and European seizure of over \$300 billion

in Russian reserves held in US and European banks, ostensibly in support of Ukraine.⁽¹¹¹⁾

Geographical Shifts in Innovation and Technology

During the 20th century, the United States and Europe dominated the development of groundbreaking innovations that reshaped human society. However, recent trends indicate a notable shift, with Asian countries now emerging as key players in the global race for technology and innovation. In AI — widely regarded as the driver of the next industrial revolution — China has become the United States' main competitor. The country also exerts considerable influence over critical rare industrial components essential to the development of future industries.

Future Trends: Pillars of Emerging Geoeconomic Shifts

Economic history demonstrates that geoeconomic power centers are in constant flux. This does not necessarily imply the inevitable collapse of one center to the benefit of another; multiple centers or poles can coexist. Indeed, it can sometimes be strategically unwise for a rising power to attempt the rapid displacement of a dominant power. For example, China — the United States' main

economic competitor — holds significant assets denominated in US dollars. A sharp weakening of the dollar would erode the value of these assets and potentially trigger severe financial market disruptions, producing global economic turmoil affecting all parties.

The United States, meanwhile, continues to wield the strongest geopolitical and military influence worldwide, and the dollar remains dominant in financial transactions, trade and international institutions. However, the pace of movement between geoeconomic centers and peripheries is accelerating, gradually shifting influence away from traditional Western powers toward China, Asia broadly, and other emerging economies in the East and Global South. This is creating multiple short-term geoeconomic poles and propelling the global economy into a potentially prolonged transitional phase. This trend is expected to continue, driven by factors previously discussed, including the rise of international protectionist policies and the redistribution of supply chains based on geopolitical security, rather than purely on cost and economic return.

Even with emerging economic blocs led by China seeking to internationalize their currencies and develop banking

instruments parallel to SWIFT, these initiatives remain limited, representing only a small fraction of global trade. As such, the configuration of future geoeconomic centers and peripheries is still evolving, though key features are emerging, signaling the end of an era of unilateral economic hegemony. Traditional Western powers, primarily the G7 (the United States, Germany, the UK, France, Italy, Japan and Canada), are unlikely to relinquish their positions. They will leverage their economic, geopolitical and military resources to maintain global dominance, including by leading in modern technologies, influencing financial institutions and controlling global capital markets.

Conversely, emerging powers in Asia, such as China, India and Brazil, along with developing economies in the East and South, will continue to pursue expansion through rapid, cost-efficient production, the acquisition of new technologies and growth across industrial, financial and banking sectors. These powers will also broaden their regional and international economic influence through participation in cross-border trade blocs.

Future shifts in geoeconomic centers are expected to be driven primarily by three factors:

■ The development of new technologies and applied innovations that increase productivity, reduce costs and save effort — including AI, which could trigger a new industrial revolution.

■ The transition to sustainable and alternative energy sources, facilitating the green transition away from fossil fuels.

■ Digitalization and the rise of the digital economy, coupled with the creation of international financial instruments capable of challenging the current Western monopoly or providing viable alternatives in the future.

Just as Britain leveraged the steam-powered industrial revolution to expand its global economic influence in the 18th century and the United States capitalized on 20th century scientific and industrial innovations, leadership in innovation will remain a decisive factor in determining a nation's geoeconomic position in the future.

Religious Establishments, Ideologized Groups Between Stagnation and Change

Last year's 2024 ASR examined key ideological and religious developments globally, with a focus on the Islamic sphere. It accurately forecasted the global rise of far-right rhetoric, a decline

in violent extremist movements, and ongoing adaptation by religious institutions to changing realities. In 2025, far-right trends continue to strengthen in the United States, India and Israel, while spreading to other nations. Extremist groups such as al-Qaeda and ISIS have seen diminished influence in some regions but remain capable of regrouping. Official and unofficial religious institutions, including Islamic and Christian bodies, have notably worked to confront contemporary challenges, particularly in Saudi Arabia, Egypt and Syria. Islamist movements, including the Muslim Brotherhood and Salafist groups, face heightened pressure from Western campaigns, legal restrictions and declining political influence, compounding their crises. This section outlines major developments, their outcomes and the opportunities and challenges ahead in understanding the rise of the right and the evolving state of ideological and religious actors worldwide.

The Rise of the Far-Right

In 2025, the far right gained momentum in several countries, particularly the United States. President Donald Trump, returning for a second term in January, inspired and mobilized supporters with his rhetoric. Political tensions escalated

after Charlie Kirk was assassinated in September, with Trump blaming “leftist violence” and conservatives labeling the act an “attack by the left.” The administration intensified restrictive policies, halting immigration from multiple developing countries, criticizing Somali Americans, maintaining border closures and threatening military action against Venezuela and Nigeria over attacks on Christians. Vice President JD Vance further claimed that the UK was the first Muslim-majority nation with nuclear weapons. These developments fueled far-right mobilization, while a far-left movement also emerged, accused of violence by Trump and the Christian right. Political maneuvering and exploitation of events became central to addressing national security and societal issues.

A host of challenges prevents the radical continuation of far-right policies, most prominently pragmatic concerns, including Trump’s pursuit of a Nobel Prize and his attempts to foster world peace, given how complex the conflicts are and his fears that they will spill over and jeopardize US interests amid rising anti-US sentiment. Economic repercussions further limit the agenda, reinforcing a utilitarian approach. National interests and the economy

take precedence over ideological goals. Extremist rhetoric remains primarily a tool for political manipulation and populist appeal. Yet, implementation is constrained by the intricate conflict map and delicate power balances. Simultaneously, the broader context continues to bolster the presence of the populist right.

Across Europe, far-right ideologies are increasingly influencing young people. The European Observatory to Combat Radicalization (EOCR) links this trend to poverty, domestic violence and insufficient support for youth. Addressing the root causes of extremism has grown more challenging, especially as young people isolate themselves in closed social media groups, exchanging ideas outside traditional spaces like home and school. Dialogue may help counter these trends. In Germany, politicians and domestic policy experts fear the rise of the Alternative for Germany (AfD) party or the appointment of its members to the Interior Ministry. Many argue that only institutional guarantees, not trust between democrats, parties and the ruling elite, can provide security. They warn that if the far-right gains power, trust would collapse, and security and intelligence agencies

could stop cooperating with Germany, as occurred in Austria previously.⁽¹¹²⁾

Under the influence of Israel's extreme right, extremists have repeatedly stormed and desecrated the Al-Aqsa Mosque. In November 2025, 420 settlers entered the mosque compound via the Mughrabi Gate to celebrate the Jewish New Year, heavily protected by the Israeli army. The Islamic Waqf Department in Jerusalem reported that the settlers conducted provocative tours of the mosque courtyards and performed Talmudic rituals related to what they call "Solomon's Temple" in the eastern section. Later that month, settlers again entered the compound, performing public Talmudic rituals near the Western Wall and conducting provocative tours. Meanwhile, the Israeli government continues collective punishment against Gaza's population through starvation and indiscriminate bombing and maintains its extremist policies toward Gaza residents despite the ceasefire signed in October 2025.

In India, Hindu extremists continued to target Muslims in 2025, as they had in 2024. During the Holi festival in Maharashtra state, Hindu mobs attacked the Rajapur mosque during Tarawih prayers. Dozens of Muslims were arrested for holding signs reading "I love

Muhammad." Muslim merchants were expelled from the city of Indore, and in several cities, children were forced to leave school.⁽¹¹³⁾

At the Arab level, and particularly in Egypt, the extremist nationalist "Kemet" movement continued its aggressive actions against foreigners, including Syrians, Sudanese, Palestinians and others, as predicted in last year's 2024 report. In 2025, it launched a new campaign targeting Saudi Arabia and the Gulf states. The movement, known as the "sons of Kemet," promotes the belief in the genetic purity of the Egyptian race, considering Egyptian civilization the "mother of civilizations." Its populist slogans, such as "Egypt came first, then history" and "Egypt is neither Arab nor Islamic, but Pharaonic," lack scientific foundation but rally thousands. These slogans have fueled attacks on neighboring and friendly countries. The movement's backers remain unclear, yet its activities strain Egypt's Arab and Islamic ties and threaten authentic Egyptian thought.

Violent and Extremist Groups: Cycles of Ebb and Flow

Far-right movements within Muslim societies face a fluctuating environment shaped by international and do-

mestic pressures, alongside fragile security conditions that allow Islamist groups to operate. ISIS remains active in some regions of Africa and Asia, but has significantly declined in Iraq, Syria and Europe, with no presence in Egypt's Sinai Peninsula. In March 2025, the US president announced the death of the ISIS leader in Iraq, coordinated with the Iraqi government and the Kurdistan Regional Government. As a result, the organization is currently headless after successive leader eliminations. In Syria, the government collaborates with the international coalition to track and eliminate remaining ISIS cells.

In the same context, two people in Australia opened fire in December 2025 on a Jewish gathering celebrating Hanukkah at Bondi Beach in Sydney, Australia, resulting in the deaths of at least 15 people and injuries to more than 40 others. Australian Prime Minister Anthony Albanese stated that the perpetrators, Sajid Akram and his son Naveed Akram, were inspired by ISIS ideology. It appears the group has once again resorted to "lone wolf" operations due to global security pressure and the international coalition against it — these attacks allow concealment from security agencies. Needless to say, escalation in Palestine also has repercussions on the

overall scene. Israeli Prime Minister Benjamin Netanyahu exploited the incident, stating that he had sent a message in August 2025 to Albanese, accusing Canberra of fueling “the fire of antisemitism” (in reference to Australia’s intention to recognize Palestine, which actually occurred in September 2025). Netanyahu denounced Albanese’s policies, including recognition of a Palestinian state, as encouraging hatred of Jews and emboldening “those who menace Australian Jews and encourages the Jew hatred now stalking your streets.” He added, “Your government did nothing to stop the spread of antisemitism in Australia. You did nothing to curb the cancer cells that were growing inside your country. You took no action. You let the disease spread and the result is the horrific attacks on Jews we saw today.” Although a bystander who stopped one of the attackers and seized his weapon was a Muslim named Ahmed al-Ahmed (hailed as a hero), Netanyahu claimed he was Jewish.⁽¹¹⁴⁾

In Africa, the Islamic State capitalized on security gaps across the Sahel. The withdrawal of French forces in 2020 from Mali, Burkina Faso and Niger created a vacuum. This absence enabled the group to expand its operations. Exploiting local instability, it

strengthened its presence. The organization became more capable and emboldened in the region.⁽¹¹⁵⁾ In Nigeria, Boko Haram and its splinter faction, the Islamic State West Africa Province (ISWAP), remained active this year and were accused of killing and targeting Christians. US President Trump warned the Nigerian government that he was considering a swift military operation to eliminate the Islamist extremists if the government failed to fulfill its responsibilities. In December, a US official stated that security in West Africa was a “major concern” for Washington, pointing to the repercussions of these attacks in the Sahel on “economic security” and “the stability of investments in the region.” This comes as Washington strengthens its economic partnerships on the continent, especially with Côte d’Ivoire. The US official emphasized that stability is a prerequisite for any US investment, “If Americans are expected to take risks to deploy investment, that investment has to be reliably secure.”⁽¹¹⁶⁾

In connection with this issue, more than 5,000 people fled from Nigeria to Cameroon in October following an attack by Boko Haram militants on towns in Borno State, including Kirwa, where they burned military barracks and civilian homes. The Nigerian armed forces

announced the death of Boko Haram leader Ibrahim Mohammed, also known as Bakura, in an airstrike carried out by the air force in August of this year on islands in Lake Chad, which borders Nigeria, Chad and Cameroon. The Association of Christian Associations in Nigeria (ACAN) reported that gunmen kidnapped 215 students and 12 teachers from a Catholic school in the northwest of the country on Friday, November 21. This incident was part of a series of attacks targeting schools that forced the government to close 47 educational institutions.

Meanwhile, al-Qaeda militants advanced on the capital of Mali, Bamako, in West Africa. Local and European officials, along with footage released by the jihadists, reported that the insurgents were blocking food and fuel deliveries to the city, causing shortages that hampered even the army’s ability to respond. Jama’at Nasr al-Islam wal Muslimin (JNIM) appears to be relying on a gradual takeover rather than a potentially costly all-out assault. The jihadists are betting on a prolonged siege strategy that will weaken the central government’s control over the capital.⁽¹¹⁷⁾

The Taliban’s rise to power appears to have inspired a broader jihadist movement. Jama’at Nasr al-Islam, for

instance, has expressed its desire to emulate the Taliban's takeover of the capital after two decades of fighting. A UN report also noted that Malian jihadists view the capture of Damascus in December 2024 by a former al-Qaeda affiliate as a "model" for their strategy. To date, neither US-backed nor EU-backed forces have been able to halt the jihadists' advance. However, capturing major cities is far more difficult than seizing rural areas and remote villages, making it challenging for al-Qaeda to establish complete control.

The Activism of Official and Unofficial Religious Institutions

Official religious institutions operate within a changing political and social environment, pulled between traditional factions and others inclined toward modernity and adaptation to contemporary realities. Nation-states rely on these institutions primarily to counter extremism and to formulate state strategies amid globalization, modernity and international complexities.

Within the Saudi religious establishment, the Grand Mufti of Saudi Arabia Sheikh Abdul Aziz Al-Sheikh passed away in September 2025. A royal decree on October 22 appointed Sheikh Saleh al-Fawzan as the new grand mufti and

head of the Council of Senior Scholars. Fawzan belongs to the generation of prominent scholars such as Ibn Baz and Ibn Uthaymeen, lending the position considerable influence and acceptance within the Muslim world, especially due to his reputation for balanced political and social legal pronouncements.

However, two important points relate to this choice. First, the Saudi decision-maker is introducing a strategic card that enhances the kingdom's soft power regionally and among Muslims worldwide, especially given Fawzan's widespread acceptance and popularity. Second, it sends an internal message—with external implications—to the Saudi public and to religious and Muslim communities globally, affirming that the kingdom continues to support scholarship, promote deserving scholars and maintain its engagement with religious discourse, contrary to claims that it neglects Islamic scholarship. Fawzan's appointment thus restores balance.

Finally, the Saudi state appointed Fawzan despite his traditional approach in fatwas, demonstrating a balance between tradition and modernity, authenticity and contemporary relevance. The kingdom also initiated a new institutional approach, where the religious

establishment operates formally: a fatwa issued by a council member does not automatically become binding on the public or the state. There is a distinction between a "binding" judicial ruling and a "guidance" fatwa, as defined by Islamic jurisprudence and legislative principles. The Saudi government focuses on advancing social, economic and legislative aspects without interfering in fatwas, trusting that scholars will confront new realities, apply Islamic law objectives and consider the public interest. This, in turn, strengthens new interpretations among scholars and the public, as reality has always been the foundation upon which jurisprudence is built and which the mufti interprets.

In Syria, President Ahmad al-Sharaa appointed Sheikh Osama al-Rifai as grand mufti of Syria in March 2025, according to Presidential Decree No. (7) of 2025. The decree contained several articles, notably ensuring that the Supreme Fatwa Council would not be confined to a single school of thought but would include both Ash'ari and Salafi scholars. In his address, Sharaa emphasized unity and the rejection of division within the nation and the Sunni community. Remarkably, he managed to reconcile Salafi and Ash'ari perspectives within a single institution, reflecting his

awareness of historical conflicts and the Assad regime's previous exploitation of religion to create discord. Whether this alliance can endure remains uncertain, as it depends not only on theological and jurisprudential differences but also on the broader political landscape and Sharaa's ability to maintain it. Nonetheless, demonstrating unity and rejecting division aligns with the interests of the Syrian people and the stability of the state, which Sharaa seeks and works toward both domestically and internationally.

In Egypt, a major dispute arose this year between Al-Azhar and the Ministry of Religious Endowments (Awqaf) over the fatwa law. Minister of Awqaf Dr. Osama al-Azhari proposed a law restricting the issuance of fatwas to Awqaf preachers, members of the Council of Senior Scholars and certain Al-Azhar affiliates from its various committees and bodies. Al-Azhar objected to Article 3 of the draft law, which granted a committee within the Ministry of Awqaf the right to issue fatwas. Deputy Grand Imam of Al-Azhar Duwayni questioned why Al-Azhar graduates were not granted this right, given that Al-Azhar encompasses numerous sectors, including the Azhar Institutes sector, which employs 170,000 teachers, at least 50,000

of whom are graduates of the Faculty of Sharia and Law. He insisted that fatwas should be issued solely under the supervision of Al-Azhar and Dar Al-Ifta (the Egyptian Fatwa Authority), excluding the Ministry of Awqaf. Duwayni stated, "Al-Azhar is religiously responsible for every fatwa issued nationwide, and it is for this reason that the Council of Senior Scholars rejected the draft law on issuing fatwas."

The Minister of Religious Endowments defended the proposed text, stating that "employees of the Ministry of Religious Endowments are graduates of Al-Azhar."⁽¹¹⁸⁾ The third article of the draft law, which is the subject of the dispute, stipulates, "The bodies authorized to issue religious edicts (fatwas) are the Council of Senior Scholars and the Egyptian Dar Al-Ifta (House of Fatwas). Specific religious edicts within Al-Azhar are to be issued by the Council of Senior Scholars, the Islamic Research Academy, the Egyptian Dar Al-Ifta, or the fatwa committees within the Ministry of Religious Endowments established according to the provisions of Article 4 of this law."

Other Al-Azhar scholars objected to the draft law, arguing that it deprives faculty members in Al-Azhar's Sharia colleges of the right to issue fatwas,

even those affiliated with Sharia and law colleges. They contended that the proposal grants this right to preachers and orators affiliated with the Ministry of Religious Endowments. Professor of Comparative Jurisprudence at Al-Azhar Saad al-Hilali objected to the law in principle, demanding freedom of fatwa issuance and the absence of restrictions, in accordance with his doctrine of allowing people to choose whichever fatwas they prefer.⁽¹¹⁹⁾

After the Egyptian Parliament gave final approval to the law regulating religious edicts, taking into account some of Al-Azhar's reservations about it, the minister of religious endowments sought to reunite the religious institution after the dispute, "Our religious institution, headed by Al-Azhar, stands as one, behind Al-Azhar and behind its Grand Imam."⁽¹²⁰⁾

In November 2025, President Abdel Fattah el-Sisi decided to enroll a number of imams from the Ministry of Religious Endowments who hold doctorates in the Military Academy for two years of intensive training. The aim was to produce "enlightened" groups of preachers who would, in his words, confront the "religious decadence" that had become attached to Islam. In his address to the preachers, Sisi said, "Be

guardians of freedom, not guardians of dogma.” He added, “We seek a true enlightenment that suits our times. We must understand that we are not rulers over anyone. We are talking about an enlightened movement that confronts the developments of our time, which confronts the accumulation of religious backwardness and decadence.”⁽¹²¹⁾

The truth is that the Egyptian state, after the January 2011 revolution, no longer trusts the religious establishment in its inherited form since the era of Nasser, Sadat and Mubarak. Historically, the selection of the sheikh of Al-Azhar was done by the authorities from among a group of traditional scholars within the institution, who sometimes do not recognize the will of the state, its executive apparatus and its security agencies, and thus clash with it or object to some of its decisions, as happened with Sheikh Abdul Halim Mahmoud, the sheikh of Al-Azhar during Sadat’s era, or Sheikh Jad al-Haq, the sheikh of Al-Azhar during Mubarak’s era, or even Sheikh Tayeb, the current sheikh of Al-Azhar. Consequently, the state sought to cultivate a new generation of religious figures within its own incubators and the military establishment, to ensure complete loyalty first, to engineer an “enlightened” religious discourse in

the manner desired by the authorities; second, to confront currents of violence and extremism and finally, to choose from among these people in the future for major religious positions.

There are unofficial religious institutions attempting to rival official religious institutions and seeking a dominant role among the public. These institutions have exploited the events in Gaza to politicize and popularize religious discourse and to undermine official institutions. Among the most prominent of these is the International Union of Muslim Scholars, affiliated with the Muslim Brotherhood. In March 2025, the union issued a fatwa mandating the closure of waterways to shipments destined for Israel, such as the Suez Canal and the Strait of Hormuz, as well as all land and air transport routes. The fatwa also prohibited the sale of gas or oil to Israel, declaring that anyone who does so in order to suppress the resistance is an apostate from Islam.⁽¹²²⁾

In a related context, a sheikh close to the Muslim Brotherhood in Türkiye issued a fatwa calling for storming the border crossings and occupying the border, asserting that Egypt has no sovereignty over the Rafah crossing. These fatwas appear to be ideologically driven, failing to grasp the reality and its

consequences, and exploiting events to settle political scores with opposing regimes. Furthermore, such pronouncements bear no resemblance to the pronouncements of a religious authority or an understanding of reality; they are essentially populist rhetoric. Therefore, the Egyptian Dar Al-Ifta responded to and refuted them.⁽¹²³⁾

On the level of Christian religious institutions, Pope Leo XIV was elected in May 2025. In his addresses, he called for peace, warned against religious and political polarization and urged an end to the Russia-Ukraine war. On his first trip outside the Vatican, he visited Türkiye and Lebanon. He began his visit to Türkiye in the town of Iznik (Nicaea) to commemorate the 1,700th anniversary of the First Council of Nicaea, which adopted the Nicene Creed that most Christians around the world still follow today. Pope Leo condemned religiously motivated violence at an event with Christian leaders from across the Middle East, urging them to overcome the deep divisions that have persisted for centuries. Addressing senior religious figures from countries including Türkiye, Egypt and Syria, Pope Leo described the lack of unity among the world’s 2.6 billion Christians as a disgrace.⁽¹²⁴⁾

His visit and call for unity and an end to the schism from the heart of Nicaea served as a message to all Christians — Catholics, Orthodox and Protestants — to overcome division and unite under the leadership of the Vatican, the largest and most important church in the Christian world. In the same spirit, and calling for an end to the schism, he met with King Charles of Britain in October of this year for the first joint prayer meeting between the heads of the two churches in 500 years. The ceremony began with the recitation of the prayer in English within the Sistine Chapel, the largest chapel in the Papal Palace, in a symbolic scene reflecting the rapprochement and unity between the English and Catholic churches after centuries of division. A statement issued by the king's spokesman said that the stronger relationship between the two Christian denominations is “a bulwark against those who promote conflict, division, and tyranny.”⁽¹²⁵⁾

Islamists and the Test of Power in Syria and Afghanistan

There are two models with differing impacts on the regional and international landscape, both representing Islamic approaches to exercising power and transitioning from opposition to gov-

ernance and state administration. The first is the Sharaa model in Syria and the second is the Taliban model in Afghanistan.

With regard to the Sharaa model in Syria, Ahmed al-Sharaa and the new Syrian government supported by influential regional and international actors such as Saudi Arabia and Türkiye — was initially able to produce a modern, democratic discourse that aligned with the outcomes of the revolution and the country's new realities. A constitutional declaration was issued pending the drafting of a new constitution, and parliamentary elections were held in accordance with the transitional phase, with promises of presidential and parliamentary elections after four years. The regime succeeded in convincing the West that this new model did not constitute a strategic threat to Western interests in the region. This was achieved through ongoing negotiations aimed at establishing an acceptable relationship between Syria and the West, including discussions concerning the US presence in Syria, the possibility of reaching an agreement with Israel and economic and trade arrangements with the Gulf states and Europe. Saudi Arabia and Türkiye played a major role in bolstering the legitimacy of the new government

and assisting in the lifting of international sanctions—particularly the Caesar Act — and in integrating it into the international system. The Sharaa model thus represents an important milestone at a time when Islamic movements with deep historical roots are experiencing a historical predicament, stemming from their inability to produce a realistic discourse or adapt to a changing environment.

As for the Taliban movement, the situation is somewhat different. Since assuming power, the movement has refused to distance itself from its traditional discourse and from the ideological principles upon which it was founded. As a result, it has so far been unable to integrate into the international system. By contrast, the new Syrian government managed to overcome this obstacle by carrying out practical, on-the-ground revisions required by circumstances and context within a relatively short period. In addition, internal disputes have emerged within the Taliban movement due to the extreme centralization of decision-making in the hands of the movement's leader, who holds the final authority over any political decision or religious orientation of the movement. The latter has also not sought to move toward institutionalization in the

manner promised by the Syrian government, whose leadership pledged to pursue an institutional framework for governance.

Perhaps the most significant achievement of the Taliban movement, and a strategic gain, was Russia's official recognition of its government in July of this year. Nevertheless, many countries continue to engage with the Taliban without extending formal recognition, as the UN has not yet officially recognized the Taliban government and instead refers to it as the "de facto authorities." The Taliban, however, remains firm in its principles and refuses to make tactical or pragmatic concessions. In September of this year, it rejected a US proposal to take control of Bagram Air Base, considering it a form of occupation. At the same time, the movement states that it seeks to maintain balanced relations with both China and the United States.

This equation sought by the movement — maintaining balanced relations with the United States without resorting to tactical maneuvering or pragmatic concessions — is nearly impossible, given the complexities of the conflict, the logic of US interests and the deep wound inflicted on US dignity by the humiliating withdrawal of US troops

in 2021. The Taliban also faced Australian sanctions in December of this year, due to what Australian authorities described as the "deteriorating human rights situation in the country, particularly for women and girls."⁽¹²⁶⁾ Moreover, during this year, elements of the movement engaged in armed clashes with the Pakistani army, which accuses the Taliban of harboring fighters from the Pakistani Taliban who carry out attacks deep inside Pakistan. Pakistan, in turn, accuses India of supporting the Taliban to destabilize Pakistan, while the Taliban accuse Pakistan of internal security failures and hold it responsible for these shortcomings. Pakistan began constructing a border fence between the two countries in 2022, a move strongly opposed by the Taliban, which does not recognize the current borders drawn by the British colonial administration. Pakistan, however, insists that these borders are internationally recognized and established. Mediators are attempting to reach an agreement between the two sides, but geostrategic obstacles stand in the way, as does the involvement of regional and international actors who have an interest in the continuation of the conflict between the two neighboring countries.

Within the Taliban, reports have surfaced of growing disagreements among its leaders and factions, driven largely by ideological and political issues. Although these divisions are not new, they intensified this year, particularly after the assassination of Khalil Rahman Haqqani, which fostered an atmosphere of mistrust among Taliban leaders. While these disputes appear primarily intellectual and ideological, tribal rivalries and the overlapping interests of regional and international actors have exacerbated internal tensions and polarization within the movement. The core divide lies between two main factions: the so-called Kandahari wing, led by the movement's leader Mawlawi Haibatullah Akhundzada, and the Haqqani network wing, led by Sirajuddin Haqqani, the current interior minister, also referred to by some sources as the Kabul wing.⁽¹²⁷⁾

Disagreements between the two factions have deepened due to religious, social and political factors. The Kandahar wing represents a traditional current rooted in Deobandi religious schools, whereas the Haqqani wing functions primarily as a military faction, originally formed from jihadist groups whose origins trace back to the Afghan jihad. In a surprising move that

underscored the prevailing tension and mistrust, Taliban leader Mullah Haibatullah Akhundzada appointed his personal bodyguard, Mawlawi Abdul Ahad Talib, as police chief of Kandahar Province in southern Afghanistan. Under this arrangement, Talib assumed responsibility both for the personal security of the Taliban leader and for the overall security of the province.

Among the most prominent areas of disagreement between the two factions are social and religious issues, particularly internet access and girls' education. Haqqani and several senior figures, including Deputy Foreign Minister Sher Abbas Stanikzai, oppose the ban on girls' education, arguing that it harms the movement's international image and obstructs formal recognition of its rule. Recordings attributed to Stanikzai circulated in Afghan media in which he stated that women's education is permissible under Islam and asserted that the restrictions imposed on women reflect the personal inclinations of certain senior leaders within the movement,⁽¹²⁸⁾ implicitly referring to Taliban leader Mullah Haibatullah Akhundzada. Shortly afterward, Stanikzai left the country, citing travel to the UAE for "rest," amid fears of arrest. Haqqani has likewise voiced criticism of hardline

policies related to women's issues and engagement with the outside world.

Islamist Groups Between Marginalization and Involvement

The crisis confronting Islamist movements has deepened with the Trump administration's push to designate the Muslim Brotherhood as a terrorist organization, accompanied by scrutiny of the group's activities in England to assess whether the designation should apply. Such a decision would impose sanctions on one of the Arab world's oldest and most influential Islamist movements. Some US states, including Texas and Florida, have already acted, designating the Muslim Brotherhood as a terrorist organization. The Council on American-Islamic Relations (CAIR) announced its intention to challenge the decision through legal action.⁽¹²⁹⁾ The Muslim Brotherhood itself opposed the executive order, accusing the UAE and Israel of pressuring the United States to take this step.⁽¹³⁰⁾

Following the lead of the United States, the UK government has placed the Muslim Brotherhood under close scrutiny, considering a potential designation as a terrorist organization. After being banned in Egypt, Jordan and other Arab countries, the group relocated its activities to London. The normalization of

Egyptian-Türkiye relations forced Türkiye to move some of the Muslim Brotherhood's operations, particularly its media activities, to avoid political embarrassment, making London a safer alternative. US pressure, coupled with international coordination with London, has intensified, especially after the October 7 events in Gaza, known as Operation Al-Aqsa Flood, and the Muslim Brotherhood's extensive support for Hamas. This may trigger further pressure, possibly involving the EU and other allies.

The Muslim Brotherhood appears to be confronting a new challenge as the United States advances its designation of the group as a terrorist organization. Following President Trump's decision in November, the House Foreign Affairs Committee passed a bill on December 3 expanding the scope of this designation. Bill H.R. 4397 classifies the group as a "foreign terrorist organization," using a broad definition that stating, "The term 'Muslim Brotherhood branch' means any entity that is a branch, charity, or organization that is directly or indirectly owned or controlled, or otherwise directly or indirectly affiliated with the Muslim Brotherhood." Under the bill's current wording, the designation could apply to dozens of countries, with the secretary of state authorized to add additional regions at his

discretion. This legislation extends beyond Trump's November executive order, which targeted limited branches in Lebanon, Egypt and Jordan. The bill will proceed to the full House of Representatives after completing procedural formalities.

The Muslim Brotherhood faces not only external challenges but also pressures from the countries in which it operates. In April of this year, Jordanian Interior Minister Mazin al-Farrayeh announced a ban on all activities of the dissolved Muslim Brotherhood, declaring it an illegal organization. The decree stated, "Affiliation with the Muslim Brotherhood is prohibited, as is promoting its ideology, and those who violate this will be held legally accountable."

The group was accused of operating clandestinely, engaging in actions that could destabilize the country, undermine national security and unity and disrupt public order. Court investigations were ordered and appropriate measures are to be taken against any entity or individual found involved in these activities or affiliated with the group.⁽¹³¹⁾

In response to the Jordanian statement, the Muslim Brotherhood asserted in its own statement that these were individual acts, unknown to and unrelated to the organization. The group emphasized

that since its inception eight decades ago, it has adhered to the national line, remained committed to a peaceful approach and never deviated from national unity and the constants of the national position. It further stressed that it has consistently sided with Jordan's security and stability.⁽¹³²⁾

The Muslim Brotherhood in Egypt has also repeatedly discussed conducting ideological and structural reviews of the organization in previous years, but none of these efforts materialized. This failure ultimately intensified internal divisions and caused some factions to drift toward violence and extremism, resulting in their designation as terrorist organizations due to the violent actions of affiliated groups. Regarding Hamas, Israel targeted all of the movement's founding leaders following the October 7 events, leaving no active figures or ideologues of comparable influence to those who were killed, such as Ismail Haniyeh, Arouri and Sinwar, and before them, Jabari, Rayyan, Yassin and Rantisi. Today, Hamas faces a strategic vacuum, both ideologically and militarily. Disagreements persist among its leaders abroad, with some maintaining close ties to Tehran while others advocate for a shift in approach and a focus on the Arab world. Regardless of the conflict's trajectory or the situation on

the ground, Hamas is likely to decline for three key reasons: first, the absence of rational political thought within the movement, as military and ideological considerations take precedence over strategic and political ones; second, the internal collapse within the Gaza Strip, as public perception of Hamas deteriorated following the October 7 events and Israel's violent response.

The Salafi Landscape Across the Islamic World and the Dilemmas of Adaptation

To serve political purposes, some sects — or even governments — exaggerate and instill fear of Salafism to bolster their legitimacy or provoke conflict between religious communities, even as these organizations themselves are in decline within their own circles.

A clear example of this politicization occurred in Iraq in May 2025, when Iraqi authorities banned several religious groups, most notably the so-called Madkhali Salafist group. The Iraqi National Security Advisory labeled it a dangerous group advocating violence and extremism. In reality, the Madkhali Salafist group has not engaged in any acts of violence in Iraq. It is primarily a scholarly and missionary organization, with one of its main principles being obedience

to the official state authority, and it does not participate in political activity. This raises serious questions about the true motives behind the ban and the potential involvement of other actors, including Iran, its affiliated militias and other Sunni rivals.⁽¹³³⁾

The reasons behind this decision appear to stem from the Iranians' initial unease with Salafism, due to the spread of its doctrinal ideas over other ideologies that they and their allied factions consider closer to their own. Secondly, they aim to bolster their allies within the Sunni community at the expense of the Salafists. Others interpret the decision as targeting Saudi Arabia, while some suggest it seeks to strengthen certain Sunni factions over others. The National Security Council appears to have sought to weaken Salafism in favor of Sufism, or more specifically, a particular Sunni Sufi group, Al-Ribat Al-Muhammadi, which is close to the Iranians and the leaders of the Popular Mobilization Forces (PMF) in Iraq, even participating in some PMF parades.⁽¹³⁴⁾ Consequently, Iraqi factions have attempted to shape the political landscape in accordance with Iranian strategy, its perspective on doctrinal groups in the region and the influence of these groups on the political scene, favoring a religious model that serves the

interests of the National Security Council.

As for the loss of social and political capital, the evidence is reflected in the Shura Council elections in Egypt, where the Al-Nour Party suffered a major defeat, with all its candidates failing to secure any seats. Although the party regained some hope after a few candidates won seats in the House of Representatives elections in November of this year, its popularity has clearly declined. This decline is due to multiple factors, foremost among them being the party's own performance and policies. The party's religious authority is sometimes conflicting and contradictory, and opponents accuse it of straying from its founding goals. Additionally, there are internal disagreements among the party's religious authorities regarding party work and the feasibility of continued political participation, compounded by the challenges of the current Egyptian political context.

Conclusion: Ideological Crisis and Institutional Resilience – Confronting Extremism in the Modern Era

The world is facing a profound crisis as extremist movements promote ideas that undermine many of the policies and values on which the international order is based. The rise of power politics under

the influence of the extreme populist right is expected to trigger a backlash, potentially leading to increased violence. This may manifest in the emergence of both extremism and counter-extremism, as exemplified by the assassination of Kirk in the United States and Republican accusations against the violent left. Additionally, the current stalemate confronting some Islamist movements could push them toward violence, especially given their lack of serious self-reflection and the absence of inclusive state policies.

At the same time, states are relying on traditional religious institutions, known for rejecting violence and extremism, to help reinforce the legitimacy of the modern national state. This reliance is evident in the statements of the new Pope of the Vatican, as well as in pronouncements from the leaders of the Saudi and Syrian religious establishments. Moreover, a historical rivalry exists between traditional religious institutions and Islamist groups. Consequently, the nation-state confronts political Islam both intellectually through official religious institutions and operationally through security policies, which may mitigate the risk of these groups resorting to violence should they or factions within them choose to do so.

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It is worth noting that the Islamic lands also had a share of geoeconomic influence in past centuries. Their main tools were international trade, artisanal and agricultural production, industrial and scientific innovations and control over major trade and transit routes linking East and West through the Arabian Peninsula, North Africa, the Mediterranean and Anatolia. Several Islamic metropolises enjoyed important geoeconomic status during periods of scientific and economic flourishing, such as Baghdad, Basra, Damascus, Isfahan, Cordoba, Cairo, Alexandria, Jeddah, Istanbul, Bursa and others.

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PART 2



REGIONAL DYNAMICS

Complex geopolitical dynamics and escalating conflicts swept across multiple regions in 2025, evoking the acute concerns and looming risks that characterized the pre-Cold War era. Diplomacy lost ground as numerous states increasingly favored decisive military action to resolve disputes and advance their geopolitical objectives, often sidelining or undermining ceasefire arrangements. At the same time, key regional and international actors pursued efforts to contain tensions and prevent de-escalation failures that could jeopardize broader stability. Amid these pressures, certain powers maneuvered to secure advantageous positions in strategically contested, multidimensional geographical spaces. This part examines the most salient regional dynamics as follows:

- The Arabian Gulf at the Heart of the Regional and International Equation
- Reviving Israel's Expansionist Project in the Middle East
- Türkiye's Expansive Geopolitical Positioning
- Africa Between Aspirations for Status and the Persistence of Internal Struggles
- Shifting Dynamics in the India-Pakistan Conflict and the Future of the Ceasefire Agreement
- Azerbaijani-Armenian Peace and the Reshaping of the Geopolitical Map of the South Caucasus

The Arabian Gulf at the Heart of the Regional and International Equation

The 2024 ASR concluded that the Arabian Gulf states would continue to pursue a policy of positive neutrality in their relations with regional and international powers, as well as in their collective understandings aimed at strengthening their standing at both the regional and international levels. This policy has become an essential foundation for safeguarding Gulf interests and enabling a greater role in influencing the course of regional and global affairs in a highly volatile environment.

In their pursuit of a greater profile, the Gulf states have strengthened relations with the major regional and international powers, benefiting from the growing tools of influence and leverage that gained importance and impact during 2025. They have also become more deeply engaged in efforts to de-escalate tensions and defuse crises in the Middle East and Eurasia by proposing mediation initiatives and intensifying diplomatic interactions to end military confrontations. Additionally, they mobilized the international community to recognize the State of Palestine and to end the ongoing war in Gaza, which represents the largest and most dangerous conflict in

the region. As a result, the Gulf states have emerged as an active and influential Arab center of gravity.

The selection of the Arab Gulf states as the first foreign destination for US President Donald Trump signaled international recognition of the rising status of these states — particularly their leadership role at the heart of the regional and international equation.

Accordingly, this section of the report addresses four main themes. First: the shift toward the new Arab axis of influence; second: the strategic Gulf partnership with the United States; third: the Arabian Gulf within the agenda of global economic blocs; fourth: the challenges facing the Gulf states; and finally, the future of Gulf power within the global decision-making system.

The Transition Toward a New Arab Axis of Influence

The Gulf states have become a new center of Arab influence through their ability to combine a transformed perception of strategic shifts with the instruments of economic and diplomatic power, as well as through the recognition by partners and allies that they are reliable and influential actors. Therefore, Saudi Arabia and the Gulf states have come to play positive roles by employing both hard

and soft power to enhance their position as strategic actors capable of protecting their vital interests and ensuring the security of commercial waterways.

Generous Gulf Support for Syria

Gulf-Syrian relations witnessed a major breakthrough following the fall of the Assad regime on December 8, 2024 and the rise of President Ahmad al-Sharaa. Gulf efforts were significant and extensive in empowering the new government at all levels — diplomatic, economic and humanitarian. Riyadh became the first destination of Syrian Foreign Minister Asaad al-Shaibani, appointed on December 21, 2024, who visited the kingdom on January 1, 2025, at the head of an official delegation that included the minister of defense and the head of the intelligence service. During the visit, Shaibani explained that the kingdom had initiated air-bridge relief operations to Syria through the King Salman Humanitarian Aid and Relief Center, reflecting Saudi Arabia's ongoing humanitarian support.

On February 2, 2025, Saudi Arabia became the first foreign stop for Syrian President Sharaa, who met with Saudi Crown Prince Mohammed bin Salman in Riyadh. This visit was preceded by a brief trip by Qatari Emir Sheikh Tamim bin Hamad to Syria on January 30, 2025.

Diplomatic visits by Gulf foreign ministers to Damascus followed in succession.

In this context, the kingdom arranged a high-level political meeting in Riyadh bringing together the crown prince, Trump and Sharaa — an effort aimed at consolidating the path toward stability in Syria and preparing it for reintegration into the international system. This meeting formed a direct political foundation that was followed by the US announcement of lifting sanctions on Syria, marking the most significant development in Syria's economic and political reintegration within the international community. Sharaa subsequently made an official visit to Washington, signaling a clear transition of the Syrian file from crisis management to international repositioning.

Simultaneously, Saudi Arabia and the Gulf states played a pivotal role in presenting the “new Syria” as a state seeking openness and integration, which contributed to making it a direct destination for European decision-makers after years of isolation. On this basis, the Gulf states — led by Saudi Arabia — positioned themselves as regional guarantors of Syria's post-Assad arrangements through a balanced and measured approach aimed at reintegrating Syria into the regional and international environ-

ment. This reflects a broader Gulf orientation toward reengineering regional stability according to long-term strategic calculations in the Middle East.

In April 2025, the finance ministries of Saudi Arabia and Qatar announced the settlement of Syria's arrears to the World Bank, amounting to approximately \$15 million.⁽¹⁾ In May 2025, Saudi Arabia and Qatar jointly announced financial support for the salaries of public sector employees in Syria for three months. In July 2025, the UAE signed a concession agreement to develop and operate the Port of Tartus for 30 years, valued at \$800 million, through DPWorld.⁽²⁾ In the same month, Saudi Investment Minister Khalid al-Falih visited Damascus with a delegation of 20 government entities and 100 Saudi companies to participate in the Saudi-Syrian Investment Forum, during which 47 agreements worth approximately \$6.4 billion were signed.

These rapid moves reflect the prevailing strategic mindset of Gulf leaders, rooted in a proactive approach rather than reaction, aimed at creating a new balance in the Levant that prevents the return of foreign influence. Gulf support is no longer limited to aid and relief but now focuses on long-term plans centered on infrastructure, energy and port investments to enhance political

and economic stability in Syria and the region.

Supporting Lebanon's Sovereignty

Given Lebanon's critical circumstances and the economic and political challenges it faces, the Gulf states have made significant efforts to stabilize the country and prevent its continued use as a venue for regional competition. Through the International Quintet Committee — which includes Saudi Arabia and Qatar — the Gulf states sought to address the presidential vacuum by pushing for the election of a Lebanese president to preserve Lebanon's independence, sovereignty and territorial integrity, and to ensure the disarmament of all non-state actors in accordance with UN Resolution 1701. In this context, the extraordinary 46th session of the Gulf Cooperation Council (GCC), held in December 2024 to support Syria and Lebanon, called for effective reforms.

Gulf policy toward Lebanon is characterized by support combined with strategic caution due to the country's instability and ongoing external interference. Political and economic stability, along with the exclusive control of arms by the state, remains a fundamental condition for any cooperation. These principles align with the Gulf states' consistent pro-

motion of positive steps that strengthen state authority, combat corruption and advance reform, state-building, sovereignty and security.

Saudi Foreign Minister Prince Faisal bin Farhan's visit to Beirut on January 23, 2025 — after a Saudi absence of more than 15 years due to Lebanon's internal conditions — came within this context. The visit had positive repercussions on bilateral relations and was followed by Lebanese President Joseph Aoun's visit to the kingdom, his first foreign trip, in appreciation of Saudi Arabia's constructive efforts toward Lebanon. The Gulf states reopened their embassies in Beirut with full diplomatic staff. Qatar supported Lebanon with \$60 million in military salaries and 162 military vehicles following Aoun's visit to Doha. The UAE also provided Lebanon with \$51 million and 6,000 tons of urgent humanitarian aid.⁽³⁾

Recently, amid the decline of Iranian influence in Lebanon and Syria, Hezbollah's Deputy Secretary-General Naim Qassem called on Saudi Arabia to "open a new page with the resistance." Many observers view this statement as nothing more than a tactical maneuver aimed at escaping the isolation the group is experiencing, rather than a genuine desire for openness. Although Hezbollah had until

recently considered Saudi Arabia an "enemy," this call reflects the kingdom's influential regional and international role, including in Lebanon.

With unemployment rising and skilled professionals emigrating, Lebanon continues to require substantial Gulf and international support — conditional on deep structural reforms — to stabilize state institutions, restore their effectiveness, disarm Hezbollah and restructure the banking sector to lift Lebanon out of the cycle of crises that has persisted for decades.

The Gulf's Role in International Mobilization and Mediation to Establish Regional and Global Stability

Amid accelerating geopolitical shifts and increasingly complex conflicts on the regional and international stages, the Gulf states have emerged as key actors in conflict resolution, contributing actively to global peace and security. Their efforts draw on strategic geography, diplomatic influence, economic capabilities, regional and international credibility, zero-problems approach, conflict-neutrality and commitment to prudent governance. This policy has become a defining feature of Gulf foreign policy for more than two decades — and

is now accelerating at both regional and global levels.

In this regard, Saudi Arabia hosted US-Russian talks in Riyadh in February 2025, attended by US Secretary of State Marco Rubio and National Security Advisor Mike Waltz, while the Russian delegation was represented by Foreign Minister Sergey Lavrov and Foreign Policy Advisor Yuri Ushakov. These Saudi efforts sought to contribute to resolving the Russia-Ukraine war. This was followed by US-Ukrainian meetings in Jeddah on March 11, 2025, to repair relations after tensions between Trump and Ukrainian President Volodymyr Zelenskyy at the White House. These developments paved the way for trilateral meetings between US, Russian and Ukrainian delegations in Saudi Arabia from March 23 to March 25, 2025. The UAE also contributed at various stages to mediating between Russia and Ukraine, resulting in a prisoner exchange operation involving a total of 4,641 detainees from both sides.⁽⁴⁾

On another front, Saudi Arabia sought to establish an international coalition to implement a two-state solution with regard to the Palestinian question. This effort culminated in a Saudi-French co-chaired international conference on a two-state solution at the UN General

Assembly⁽⁵⁾ from July 28 to July 30, 2025, during which the kingdom presented a draft resolution supported by more than 142 countries.

Saudi Arabia also worked to awaken the world's conscience to stop the war raging in Gaza, only to find itself facing an Israeli-Iranian war whose final spark occurred in Qatar when Iran struck the Al-Udeid Air Base southwest of Doha. On September 9, 2025, Israel bombed Doha in an attempt to assassinate the Hamas negotiating delegation — an escalation that endangered the entire Gulf security architecture.

Continuing its diplomatic efforts to resolve active conflicts, Saudi Arabia urgently intervened to halt military confrontations between nuclear-armed India and Pakistan on May 7, 2025. The kingdom dispatched Minister of State for Foreign Affairs Adel al-Jubeir to New Delhi and Islamabad from May 8 to May 9, 2025, reflecting Saudi Arabia's ability to communicate with both sides. Saudi efforts helped create the political conditions that led to the cessation of military operations on May 10, 2025, underscoring the kingdom's pivotal role in de-escalation and safeguarding regional and global stability.

Thus, the Gulf states are no longer merely regional actors affected by shift-

ing power balances — they have become central players in reshaping those balances through effective diplomacy and sustained mediation. Recognizing that their security as well as economic and political stability are closely tied to the stability of the regional and international systems, the Gulf states adopt an approach based on dialogue rather than confrontation, and diplomatic influence rather than military entanglement. The success of Gulf initiatives in bringing adversaries to the negotiating table reflects the Gulf's transition from a phase of "response" to a phase of "peace-brokering."

Maintaining a Policy of Zero Problems and Positive Neutrality

The Gulf states enjoyed notable international credibility, trust and influence in 2025 through adherence to two core principles. Zero problems: resolving disputes with neighboring and global states, including maintaining the Saudi-Iranian reconciliation achieved under Chinese sponsorship in 2023. Positive neutrality: refraining from aligning with any party in international conflicts, despite occasional external pressure.

That being said, the unfolding events and rising tensions in Yemen during the final months of 2025 gravely threatened regional and international stability —

particularly in light of UAE support for the Southern Transitional Council (STC) in its bid to assert full control over all southern territories. This includes efforts to dominate the governorates of Hadramawt and Al-Mahrah, reducing their historical and social cause to a single faction imposed by force, through a fait accompli on the ground. These actions were met with widespread public rejection as well as official opposition from the Chairman of the Presidential Leadership Council (PLC) Rashad al-Alimi.

In this context, the Saudi-led Coalition to Support Legitimacy dispatched a security delegation to Yemen to help bridge differences and advance acceptable political solutions that preserve Yemeni territorial unity. This effort was accompanied by an official warning to the UAE regarding its support for the STC and the potential implications for national security and stability in both Yemen and Saudi Arabia. Nevertheless, the UAE's attempts to impose a new reality continued, including the dispatch of two ships loaded with weapons and armored vehicles from Fujairah Port to Mukalla Port without the required official clearances. This further inflamed the conflict and heightened tensions, particularly given the clear violation of UN Resolu-

tion 2216. Consequently, on December 30, 2025, the Saudi-led coalition carried out a limited military strike, destroying weapons and armored vehicles unloaded from the two ships at Mukalla Port, while taking strict measures to protect civilians and vital infrastructure. This was a calculated operation aimed at preventing the conflict from expanding and sliding into broader violence.

The Gulf-US Strategic Partnership

The Gulf States: President Trump's First Destination

The Gulf states have demonstrated an exceptional ability to shape their strategic position and international standing. As a result, they have earned the trust of US decision-makers by maintaining an eight-decade-long historical relationship with the United States. A well-established principle within US institutions now holds that: "When the Gulf states speak, we must listen." This was clearly reflected in the immediate response of the Trump administration to two Saudi requests concerning Syria and Sudan.

The shared challenges faced by the Gulf states and the United States in the region strengthened the strategic importance of the Gulf within Washington's vision for the Middle East. The Gulf states acted as a stabilizing force amid numer-

ous regional and international challenges, offering constructive approaches that the world recognized as credible and essential — whether in safeguarding freedom of navigation, stabilizing global financial markets, preventing nuclear proliferation in the Middle East, advancing a just and comprehensive solution to the Palestinian issue based on the 2002 Arab Peace Initiative or investing in emerging markets.

These factors compelled Washington to intensify engagement with Gulf capitals, even during periods of tension or policy disagreement, particularly under former President Joe Biden.

Against this backdrop, Trump chose Riyadh as the first stop of his foreign visits during both of his presidential terms — an unprecedented departure from the traditional pattern in which US presidents typically visited Israel or Western allies such as Canada, the UK or France first. Trump's second visit differed significantly from the first, which focused primarily on security and defense issues, whereas the second centered on economic and investment dimensions.

The US delegation included senior government officials as well as leading business and economic figures. At the forefront were Tesla CEO Elon Musk, OpenAI CEO Sam Altman and Black-

Rock CEO Larry Fink, alongside numerous other chief executives from major technology, investment, financial, defense and heavy-industry firms. The visit featured the Saudi-US Investment Forum, during which agreements exceeding \$300 billion were announced, in addition to discussions on potential partnerships worth nearly \$600 billion.⁽⁶⁾ Together, these developments underscored a clear shift toward deepening the strategic partnership between Saudi Arabia and the United States.

In the fifth summit of its kind since 2015, a Gulf-US summit was held in Riyadh on May 14, 2025 with the aim of strengthening the strategic partnership, establishing a direct mechanism for dialogue, exchanging perspectives and reinforcing mutual trust. During the summit, Trump stated that the Gulf states are among "the proudest, most prosperous, most successful nations." Following his stop in Riyadh, he traveled to Qatar, where his visit resulted in agreements valued at approximately \$1.2 trillion,⁽⁷⁾ including military deals for the purchase of 210 Boeing aircraft worth \$96 billion. The visit concluded with the signing of a joint declaration to enhance strategic cooperation and shared interests between the two countries.

Trump's visit to the UAE produced an extensive package of investments and bilateral agreements. UAE President Sheikh Mohammed bin Zayed announced his country's intention to invest \$1.4 trillion⁽⁸⁾ in the United States over the next decade — equivalent to \$140 billion annually until 2035. The agreements included the purchase of 28 Boeing 787 and 777X aircraft valued at \$14.5 billion, in partnership with Boeing and General Electric. Additionally, an agreement was signed allowing the UAE to import 500,000 advanced Nvidia chips annually, and plans were announced to establish the largest AI academic campus outside the United States, in collaboration with UAE academic and research institutions.

US Pressure on Netanyahu to Apologize to Doha

In the aftermath of the Israeli airstrikes on the Qatari capital, Netanyahu faced widespread regional and international outrage. The attack targeted a state hosting active negotiations at a time when calls for de-escalation and respect for diplomatic efforts intensified. Eventually, Netanyahu — under direct pressure from Trump — was compelled to issue a formal apology to Qatari Prime Minister Sheikh Mohammed bin Abdul-

rahman Al Thani. The apology was delivered through a phone call made from the White House, with Trump participating in the conversation. This unprecedented step unfolded amid highly complex political and security repercussions.

Netanyahu's apology was not the result of institutional reassessment or genuine conviction; rather, it was a tactical response to overwhelming US pressure and the intense international backlash he faced. Israel's violation of Qatar's sovereignty was met with strong condemnation from Western partners and from Arab and Islamic states participating in the emergency Arab-Islamic Summit held in Doha in September 2025. Targeting a negotiating party — and a state serving as mediator and a US ally — constituted a breach of all diplomatic norms and a direct assault on the very logic of negotiation. No reconciliation process can succeed when trust in the mediator and the sponsoring parties is undermined.

Through its strikes on Doha, Israel also sought to test an entrenched red line for Arab states. This aimed to impose a new regional reality by pressuring for another wave of cost-free normalization with Arab and Islamic countries, without offering any genuine commitment to a just settlement of the Palestinian is-

sue. In contrast, Arab and Islamic states — led by Saudi Arabia — reaffirmed that no regional stability or normalization of relations would be acceptable unless it resulted in a just and comprehensive resolution of the Palestinian cause and ensured the establishment of an independent Palestinian state.

In an effort to mitigate the impact on its Qatari ally and to address the wave of Gulf discontent triggered by the attack, Trump signed an executive order on September 29, 2025 declaring that any armed attack on Qatari territory, sovereignty or infrastructure would be considered a threat to the peace and security of the United States. However, the order carried limited weight, as many observers viewed it as a temporary commitment — one that could shift under a different administration.

Crown Prince Mohammed bin Salman's US Visit

Prime Minister of Saudi Arabia Crown Prince Mohammed bin Salman undertook a historic visit to the United States from November 18 to November 19, 2025 at the invitation of President Trump. The visit began with an exceptionally warm and ceremonial welcome that reflected the depth of relations between the two countries. It came at a pivotal moment

that will shape the future of the kingdom and its international stance, particularly as Saudi-US relations have become a central pillar of stability in the Middle East amid major global geopolitical shifts.

The visit carried significant political and economic weight, underscoring the kingdom's importance in US strategic calculations. During the official state dinner, Trump emphasized that relations with Saudi Arabia are strategic, noting that the United States has designated the kingdom as a Major Non-NATO Ally — granting it access to advanced and sensitive defense privileges. The crown prince affirmed that Saudi-US relations are historic and strategic, spanning more than eight decades, beginning with the meeting between King Abdulaziz and President Roosevelt. As a result, relations between Riyadh and Washington have elevated from cooperation to a full strategic partnership, enhancing political, security and economic coordination on issues directly tied to regional stability and the international order.

The visit resulted in the signing of the Strategic Defense Agreement, a landmark step in the evolution of security and defense cooperation between the two countries. The agreement aims to strengthen military partnership and develop joint operational and intelligence

coordination mechanisms suited to the nature of emerging security challenges. As part of its broader framework, the agreement included major defense procurements, such as F-35 fighter jets, 300 advanced tanks and other sensitive military systems — reflecting a shift toward deeper integration and the exchange of advanced capabilities between Riyadh and Washington.⁽⁹⁾

The Strategic Artificial Intelligence Partnership Agreement was also signed, establishing a new benchmark in bilateral cooperation. Under this agreement, Saudi Arabia gained access to advanced US technologies, including cutting-edge semiconductors. The partnership covers digital infrastructure development and includes the announcement of a 500-megawatt AI computing center in the kingdom, developed in collaboration with XAI, Nvidia and HUMAIN (a PIF-owned company). During the Saudi-US Investment Forum, investment deals worth \$270 billion were announced, highlighting the scale of the partnership's economic and strategic impact and reinforcing the kingdom's position on the global economic map. The visit also saw the signing of an agreement on rare and critical minerals — essential components in semiconductor manufacturing and high-precision dig-

ital equipment — ensuring long-term sustainability of the kingdom's strategic technological supply chains. Additionally, a peaceful nuclear cooperation agreement was signed, aligning with Saudi Arabia's longstanding efforts to diversify energy sources, advance Vision 2030 goals and reduce reliance on oil.⁽¹⁰⁾

The exceptional reception accorded to the crown prince reflected the kingdom's rising stature and expanding regional influence, as well as a growing US recognition that revitalizing ties with Saudi Arabia has become a strategic necessity. This recognition rests on the understanding that a stronger partnership supports shared economic and security interests at a moment of profound regional and global transformation. Saudi Arabia's ascent, its central regional role and its investment trajectory in critical sectors make partnership with the kingdom essential for regional stability, reducing the burden on US forces abroad and enhancing US global geopolitical competitiveness.

In parallel with the kingdom's strong focus on security and stability in Syria and on advancing a two-state solution, the crown prince succeeded in placing the Sudan crisis on the negotiating table during his discussions with Trump. This came within a Saudi framework that pri-

oritizes the preservation of nation-states and articulates the crisis in its full dimensions and risks. Trump stated that, at the crown prince's request, he immediately directed his team to examine the Sudan situation after being convinced by the Saudi assessment. In this context, the visit of Sudan's Sovereignty Council Chairman General Abdel Fattah al-Burhan to Riyadh on December 15, 2025 further underscored the kingdom's growing role as a regional power capable of shaping solutions and leading mediation efforts in complex crises.

Saudi Arabia's sustained efforts to halt the war and pursue comprehensive, lasting solutions in Sudan reflect a consistent strategic approach focused on addressing root causes rather than managing consequences. Since the outbreak of the conflict, Riyadh has engaged through multiple diplomatic channels — combining direct mediation, regional coordination and active engagement with influential international actors, particularly through close cooperation with the United States as a principal partner. This approach ensures rapid response, enhances the effectiveness of international action and prevents the conflict from continuing or escalating further. Saudi Arabia's role is rooted in a firm conviction that the absence of a

political solution in Sudan threatens not only its internal stability but also the broader regional security architecture, especially in the Red Sea and Horn of Africa regions.

The Arabian Gulf in the Agenda of Global Economic Blocs

Deepening Relations and Building a Global Economic Bloc With Central Asian States

Relations between the Gulf states and the Central Asian republics have emerged as one of the most dynamic geo-economic and strategic pathways in the evolving Asian regional landscape. These relations are not a temporary convergence of interests, but rather a partnership built on institutional foundations and a shared strategic vision. These ties reflect a mutual understanding of the importance of strengthening cooperation across political, security, economic and development domains. The first Gulf-Central Asia Summit, held in Jeddah on July 19, 2023, laid the groundwork for expanding constructive strategic cooperation. The Gulf states view Central Asia as a vital strategic and investment depth and a key resource for the global economy. Conversely, Central Asian states see the Gulf as a powerful source of investment and development,

and as a gateway to global markets due to its unique geographical position linking East and West.

Amid rapid transformations in the international system and a growing desire to diversify partnerships, joint summits continued through 2024 and 2025 under the Gulf-Central Asia Joint Action Plan (2023-2027). This framework covers critical sectors including investment, trade, education, health, media, culture and sports. During the Central Asia-GCC Strategic Dialogue held in Kuwait in April 2025, GCC Secretary-General Jassem al-Budaiwi noted that trade between the Gulf and Central Asia had reached approximately \$10 billion, with expectations of significantly higher investment flows in the coming years.⁽¹¹⁾

This growing convergence cannot be separated from the broader context of global geostrategic competition, in which the United States, China and Russia all view the Gulf as a major regional bloc and Central Asia as an emerging and vital resource hub. Within this competitive environment, both regions are pursuing diplomatic hedging strategies — strengthening international partnerships without aligning exclusively with any single power. This approach allows them to craft more independent political frameworks that protect national

interests, support economic growth and provide greater flexibility in foreign policy amid accelerating geo-economic competition.

The Gulf-ASEAN-China Model

On May 27, 2025, Kuala Lumpur hosted a landmark summit bringing together ASEAN member states, the Gulf states and China. This trilateral gathering marked a significant step toward deeper strategic integration, reflecting the growing intersection of geopolitical and economic interests that shape Asia's stability and development. The tripartite partnership offers a new and distinctive model of constructive regional cooperation driven by vast economic diversity.

This trilateral framework links the Gulf — home to the world's energy center and a cornerstone of Middle Eastern stability — with ASEAN, a hub of manufacturing and massive population growth, and China, a global industrial and technological powerhouse. The partnership represents one of the most prominent expressions of Asian cohesion, working to enhance security in all its forms — economic, cyber, food and environmental — while safeguarding energy supply chains, developing global logistics networks and creating investment opportunities in emerging sectors

such as green hydrogen and the digital economy, both of which are central to Saudi Arabia's Vision 2030.

The participating countries collectively represent more than 2 billion people and economies exceeding 25% of global GDP — approximately \$25 trillion. These states are developing joint approaches to protect their interests against tariffs and unpredictable financial policies adopted by some countries under the banner of protectionism.

The Gulf states seek to safeguard their national interests and expand their economic influence, a goal aligned with ASEAN's own strategic posture. As Malaysian Prime Minister Anwar Ibrahim stated, "Strengthening ties with China, the Gulf Cooperation Council, BRICS and other emerging economies is not about choosing sides. Rather, it is about ensuring ASEAN's strategic relevance in a multipolar world." Within this broader Gulf shift toward deepening Asian partnerships, relations with the United States remain a fundamental pillar of Gulf foreign policy. The trilateral model does not come at the expense of historic and strategic ties with Washington; rather, it reflects a complementary approach rooted in the Gulf's understanding of the need to balance relations with all major global powers.

It is noteworthy that ASEAN has become a highly competitive trade partner amid intensifying US-China economic rivalry. Estimates indicate that total trade between the Gulf states and ASEAN could reach \$682 billion by 2030 if current growth rates of 7.1% continue.⁽¹²⁾ Gulf exports to ASEAN currently stand at \$75.7 billion, compared to imports of \$46.4 billion, making the GCC ASEAN's sixth-largest trading partner.

The Challenges Facing the Gulf States

The Gulf states are navigating an increasingly complex strategic landscape in which global geopolitical shifts intersect with regional challenges and rapid technological transformations. These dynamics require the development of integrated strategic approaches that move beyond traditional frameworks toward broader models combining politics, security, economics and technology. The international system is undergoing profound change: China is emerging as a rising power, the United States continues to reinforce its global influence and Russia is seeking to reclaim regional leverage. This evolving environment compels the Gulf states to reassess their defense, diplomatic and economic strategies within a unified and coherent framework.

Despite significant individual development achievements by GCC states, geopolitical shocks and economic pressures necessitate accelerating the transition to collective action. This includes redefining the Gulf's collective capacity for deterrence, protection and long-term strategic stability — particularly given the international system's limited ability to contain regional and global conflicts and the growing intensity of regional geopolitical threats.

This collective effort to restore stability in Yemen faces significant challenges due to the UAE's ongoing escalation through its support for the STC, which seeks to separate southern regions from the legitimate Yemeni government and potentially annex large swathes of territory, extending up to Saudi Arabia's southern borders in Hadramawt and Al-Mahra. On December 25, 2025, the Saudi Ministry of Foreign Affairs issued a statement confirming that the STC's military operations are “are a threat to the kingdom's national security and the security and stability of the Republic of Yemen and the region.”⁽¹³⁾ Left with no alternative, the kingdom defended the core principles upon which the Saudi-led coalition was established, as well as the provisions of UN Security Council Resolution 2216. To safeguard its na-

tional security, Saudi Arabia conducted a targeted strike against UAE-supplied weapons and armored vehicles unloaded at Mukalla Port. This action was accompanied by reaffirmed support for the Yemeni government's demand that all UAE forces withdraw from Yemen within 24 hours. In response, within hours of the demand — and before the deadline expired — the UAE announced the withdrawal of its remaining forces from Yemen.

Compared to longstanding GCC policies, the UAE's approach to Yemen appears anomalous. Since the council's establishment, intra-GCC relations have been firmly rooted in safeguarding the comprehensive national security of the Gulf states. Principles of wisdom, unity, cooperation and brotherhood have long served as the foundation for the prompt resolution of disputes among member states. Throughout history, Gulf countries have consistently demonstrated a remarkable capacity to address internal disagreements and forge consensus-based solutions that reinforce regional stability and territorial integrity. Given their shared challenges and common interests, intra-GCC relations have experienced fluctuations both domestically and internationally. Nevertheless, ongoing cooperation, continuous dia-

logue, joint diplomatic initiatives and coordinating mechanisms have always been the cornerstone for surmounting crises — ensuring the preservation of shared interests and solidarity among GCC members.

The GCC umbrella constitutes a genuine guarantee for the ability of the member states to overcome any tensions and to advance toward a successful model of regional cooperation. The GCC states — led by the kingdom — have always affirmed fundamental sovereign principles, including non-interference in the internal affairs of others, the preservation of state sovereignty and the elevation of the strategic and political standing of the GCC countries on the regional and international levels through joint collective action.

Domestic and geostrategic challenges play a decisive role in reshaping the Gulf's security and political priorities. The GCC lies at the heart of a turbulent region marked by overlapping conflict zones and home to some of the world's most critical maritime routes for global trade and energy. This reality makes Gulf security directly tied to the stability of both the regional and international systems. The Gulf also faces mounting pressures from great-power competition and the rise of non-traditional threats —

from energy security and supply-chain vulnerabilities to cyberattacks. Additionally, food security and limited water resources in some Gulf states represent long-term challenges with potential implications for stability.

In this context, building a comprehensive, multidimensional Gulf model becomes essential — one that integrates military security, sustainable economic development, cyber-domain protection and the safeguarding of energy and water resources, while maintaining the flexibility to adapt to regional and global shifts. Such a model would enable the Gulf states to preserve an active and independent role in regional and international systems and transform complex challenges into tools for strengthening national and regional stability.

Conclusion: GCC States' Rising Role in Global Decision-Making

The preceding analysis demonstrates that the Gulf states have become influential actors not only regionally but globally. They have moved into the ranks of the most impactful players in international decision-making, evolving into a multifaceted force shaping regional and global affairs. This transformation is rooted in structural advantages and deliberate strategies that are redefining

the Gulf's position within the hierarchy of global power.

Throughout 2025, the Gulf states demonstrated their ability to positively influence regional stability by supporting key states such as Syria and Lebanon, as well as initiatives aimed at ending the Israeli-Palestinian conflict. These policies contributed directly to stabilizing Syria and gradually reintegrating it into the international community. They also played a decisive role in supporting Lebanese state institutions and facilitating the election of a new president. Moreover, Saudi Arabia — together with France — advanced peaceful solutions to the Israeli-Palestinian conflict through the establishment of the Global Alliance for the Implementation of the Two-State Solution. This constructive engagement reflects the rise of the GCC as a strategic bloc with political and economic influence and growing credibility among global powers.

As this trajectory continues, the next five years are likely to see the Gulf emerge as the central hub of regional strategic decision-making, with increasing capacity to shape global power dynamics more directly and effectively. This outlook is reinforced by the Gulf leaderships' strategic awareness, their ability to convert national capabilities

into external influence, and the region's unique geopolitical position at the crossroads of three continents and global trade routes. This location enables the Gulf to play pivotal roles in mediation and balancing between competing major powers — roles that have become increasingly visible through Gulf-led mediation efforts in multiple regional and international crises. Collectively, these developments reinforce the image of the Gulf as an indispensable, neutral and influential global actor in crisis management.

In parallel, the ambitious economic transformations embodied in Saudi Vision 2030, Qatar Vision 2030, UAE Vision 2071, Bahrain Economic Vision 2035, Kuwait Vision 2035 and Oman Vision 2040 form the foundation for building post-oil economies driven by knowledge, innovation, technology, finance and tourism. These initiatives aim not only at economic diversification but also at repositioning the Gulf states as global centers for innovation, business and tourism.

Sovereign wealth funds — such as Saudi Arabia's PIF, Abu Dhabi's ADIA, Kuwait's KIA and Qatar's QIA — constitute some of the world's most powerful economic instruments. Ranked among the top 10 sovereign funds globally, their

combined assets amount to trillions of dollars strategically invested across advanced technology, AI, infrastructure, real estate, sports and entertainment in major global capitals. These investments enhance Gulf influence among economic and political elites in key countries and strengthen the region's strategic standing on the international stage.

The Gulf states have also developed exceptional adaptability to complex shifts, as well as to rapid technological changes reshaping global power dynamics. This adaptability not only provides resilience but positions the Gulf to play an advanced strategic role regionally and internationally. By adopting calculated policies that avoid entanglement in major power conflicts, the Gulf preserves internal stability and international credibility.

Today, Gulf power is no longer measured solely by financial wealth or geography. It is the product of an integrated system combining resources, strategic planning, institutional capacity and active diplomacy in building alliances and partnerships. This multidimensional model makes the GCC a unique example of contemporary power — capable of influencing regional and global decision-making and contributing meaningfully to shaping the security, stability

and innovation landscape of this century. It reflects a forward-looking strategic vision that transcends traditional notions of influence.

Reviving Israel's Expansionist Project in the Middle East

The 2024 ASR forecasted that the spill-over effects of the Gaza war would result in regional reconfiguration, particularly regarding the future of Palestine and the Iran-backed “Axis of Resistance” with far-reaching geostrategic consequences at the regional and international levels. The report anticipated that the Gaza war could end in a form resembling a truce between the two sides, given the inability of either party to fully impose its conditions on the other. This indeed occurred in 2025, with the leaders of Egypt, Qatar and Türkiye, alongside the United States, signing President Donald Trump's ceasefire document for Gaza during the summit held in Egypt's Sharm El-Sheikh, attended by regional and international leaders. Trump described the step as “a great day for the Middle East.”

The report also predicted that the Gaza ceasefire would not lead to a permanent solution to the Israeli-Palestinian conflict, given Israel's continued intransigence and the insistence of Arab states on establishing a Palestinian state as a

strategic solution and final framework for resolving the Palestinian issue and achieving lasting regional peace. This forecast indeed materialized after the Sharm El-Sheikh agreement, as Israeli violations against Palestinians in the Gaza Strip continued with impunity, with ongoing air raids killing hundreds, the persistence of critical border closures, continued settlement plans in the West Bank and ongoing breaches in both Lebanon and Syria.

With the developments accompanying the Gaza war over two years, including the Iran-termed “unity of conflict arenas in the Middle East,” unprecedented Israeli-Iranian escalation, geostrategic shifts in Syria, Lebanon and Yemen, and to a lesser extent Iraq, as well as the impact of this conflictual state on other Arab countries, this section of the report discusses the dimensions of reviving Israel's expansionist project in the Middle East through four axes. The first examines Israel's comprehensive limitation of Iran's strategic depth; the second addresses the orientation toward imposing the “Greater Israel” plan; the third analyzes Israeli escalation against Arab states; while the fourth reviews the challenging Arab, regional and international positions toward Israel's expansionist project. The section then concludes with

an outlook on Israel's geopolitical ambitions and the future of the Gaza ceasefire agreement.

Israel's Containment of Iran's Strategic Depth

Israel began implementing its expansionist regional strategy by encircling and pushing back Iranian front lines surrounding its direct and indirect vital space in the Middle East. With regard to direct front lines, Israel weakened Hezbollah in Lebanon both politically and militarily, as well as its military and logistical extensions in Syria, neutralizing its influence in the Gaza war, while exhausting Hamas in Gaza by prolonging the war as much as possible. In terms of indirect front lines, Israel negated the challenges posed by Iran's proxies in Iraq and Yemen.

Weakening Hezbollah

Removing Hezbollah from the strategic equation as Iran's strongest arm is one of the pillars of Israel's expansionist strategy in the Middle East. Tel Aviv inflicted painful blows on the group, assassinating the first and second ranks of its political and military leadership, including Secretary-General Hassan Nasrallah and his successor Hashem Safieddine, destroying large portions of its missile and military capabilities to the

point of forcing it to quickly accept separation from the Gaza front. Israel also continued targeting the group through 2025 with assassinations of senior military leaders such as Hezbollah's Chief of Staff Haitham Tabatabai in November and strikes on military sites and logistical supply lines. This is in addition to violating the ceasefire agreement signed in November 2024 on a daily basis. The Israeli army usually claims that the purpose of airstrikes on Lebanese sites is to prevent Hezbollah from rearming. A statement in November 2025 revealed that Israel had carried out about 1,200 concentrated operations in southern Lebanon⁽¹⁴⁾ during 2025 under the pretext of striking Hezbollah sites.

Removing Syria From Iran's Geopolitical Project

The weakening of Hezbollah accelerated the fall of Bashar al-Assad's regime, which relied mainly on Iran-backed militias and Hezbollah forces, replaced by Sunni rule under President Ahmad al-Sharaa. Thus, Syria exited Iran's project entirely. Yet, Israel sought to reengineer parts of Syrian geography to serve its expansionist project and expand its geopolitical influence deep inside Syrian territory under the pretext of enhancing national security and preventing the re-

emergence of groups linked to Iran or Hezbollah. An indicator of Israel's intent to impose sovereignty over territories occupied after Assad's fall was Netanyahu's field tour of the southern Syrian buffer zone in October 2025, accompanied by Defense Minister Israel Katz, Foreign Minister Gideon Sa'ar and Chief of Staff Eyal Zamir. By the end of 2025, Netanyahu reiterated his refusal, first declared from Mount Hermon in December 2024, to withdraw from Syrian territories occupied after Assad, demanding a demilitarized zone from Damascus to the buffer area adjacent to the occupied Golan Heights.⁽¹⁵⁾ Israel's expansion in Syria is part of its geopolitical project to entrench long-term deterrence in the northeastern front, prevent any new armed resistance from forming near the Golan and link the Syrian and Lebanese fronts, under the pretext that armed adversaries continue to pose threats.

Draining Hamas' Strength

Israel succeeded over two years of war in draining Hamas' military, logistical and human strength, weakening its organizational structure and political role inside Palestine. This continued even after the Sharm El-Sheikh ceasefire agreement, as Israel pursued operations to eradicate the group's leadership, cad-

res and armament infrastructure. Some analyses suggest that resistance groups, whether Hamas or others, will focus their struggle against Israel outside Palestine in the coming stage, meaning Israel has largely succeeded in undermining the effectiveness of proximate resistance fronts.

Limiting the Houthis' Impact on Israeli Interests

Israel works under a long-term strategy to prevent the Houthis from becoming an advanced Iranian military base south of the Red Sea. This strategy rests on

three pillars: first, intelligence, by building a wide target bank including influential Houthi military and political leaders shaping policy on Tel Aviv; second, military, through naval and aerial blockades of strategic ports under Houthi control and precision strikes on leadership sites, such as the unprecedented strike described as “decisive” in August 2025, killing Prime Minister Ahmad al-Rahwi and nearly half of his cabinet. Israel continued its assault on Houthi military sites, logistics and sensitive infrastructure, including Hodeidah Port, Sana’a International Airport and power and

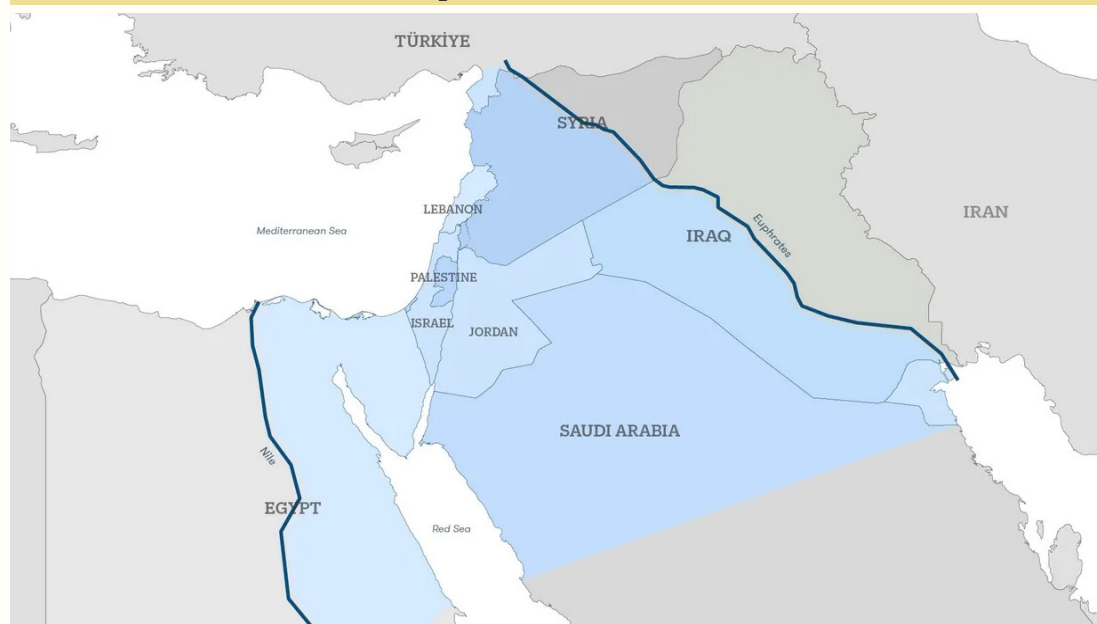
energy stations. Third, diplomatic, by pressuring the Trump administration to reconsider the truce agreement with the Houthis, urging Washington that the Houthis threaten international navigation and the security of the entire Middle East.

In sum, Israel in 2025, as an extension of its 2024 military operations, managed to push back adjacent battle fronts even further and continues its military operations in Palestine, Syria and Lebanon, despite signing ceasefire agreements with all three. Its far-right government considers this phase a historic opportunity to advance biblical geopolitical prophecies in the Middle East after paralyzing Iran’s military capabilities and dismantling its arms.

Pursuing the “Greater Israel” Project

Alongside Israel’s elimination of Iran’s key proxies, Tel Aviv began to advance its “Greater Israel” plan with renewed vigor as part of its sweeping expansionist agenda — a longstanding clandestine objective. However, in 2025, the Israeli government sought to move this plan from the shadows to the forefront in a blatant manner, openly promoting it in the media as an inherent right of Israelis through referencing distorted maps, thereby preparing the ground for

Map 2.1: “Greater Israel”



Source: “Why Israel’s David’s Corridor Project Is a Threat to Syria’s Territorial Integrity,” *VIIMES*, September 21, 2025, accessed January 8, 2026, <https://bit.ly/4jvIYap>.

its implementation through strategies of forced displacement, annexation of Palestinian lands, settlement expansion and demographic transformation in the occupied territories.

Falsifying Maps to Propagate the Myth of “Greater Israel”

On August 12, 2025, during an interview with i24 News, far-right anchor Sharon Gal gifted the Israeli prime minister a pendant bearing a map of the “promised land” with expanded borders including occupied Palestine, parts of Jordan, Lebanon, Syria and Egypt (see Map 2.1). When asked if he felt “connected” to this vision, Netanyahu firmly replied, “Very much,” adding that he felt he was undertaking a “historic and spiritual mission” to fulfill the dreams of successive generations of the Jewish people.⁽¹⁶⁾ This was a reference to the same map he had displayed during his speech at the 78th UN General Assembly in September 2023, which made no mention of a Palestinian state, with the red lines identifying the claimed borders of the “promised land.”

Depopulating Gaza

In its brief report issued on November 27, 2025, Amnesty International revealed that Israeli authorities continue committing genocide and systematic displacement against Palestinians, subject-

ing them to unbearable living conditions to force migration despite the ceasefire agreement. According to the report, “Israel’s systematic displacement of Palestinians from fertile lands has continued unabated, with Israeli military currently deployed across around 54%-58% of the Gaza Strip.”⁽¹⁷⁾ Israeli reports in November 2025 also disclosed that a foreign-managed Israeli company succeeded in displacing hundreds of Palestinians from Gaza, offering chartered flights to destinations such as Indonesia and South Africa. These reports noted that Israel’s Voluntary Migration Office under the Defense Ministry referred the company to the army to help coordinate Palestinian displacement abroad.⁽¹⁸⁾ While Netanyahu’s government refrained from commenting on the displacement of Gazans to South Africa via Israel’s Ramon Airport through this company, right-wing ministers repeatedly and openly spoke of the idea of expelling Palestinians from Gaza, as part of Israel’s two-year genocidal war on the strip.

Unwilling to withdraw from Gaza, Israel accepted the ceasefire agreement reluctantly and under heavy US pressure. Thus, the implementation of the agreement rests on three phased withdrawals from Gaza (see Map 2.2), reflecting

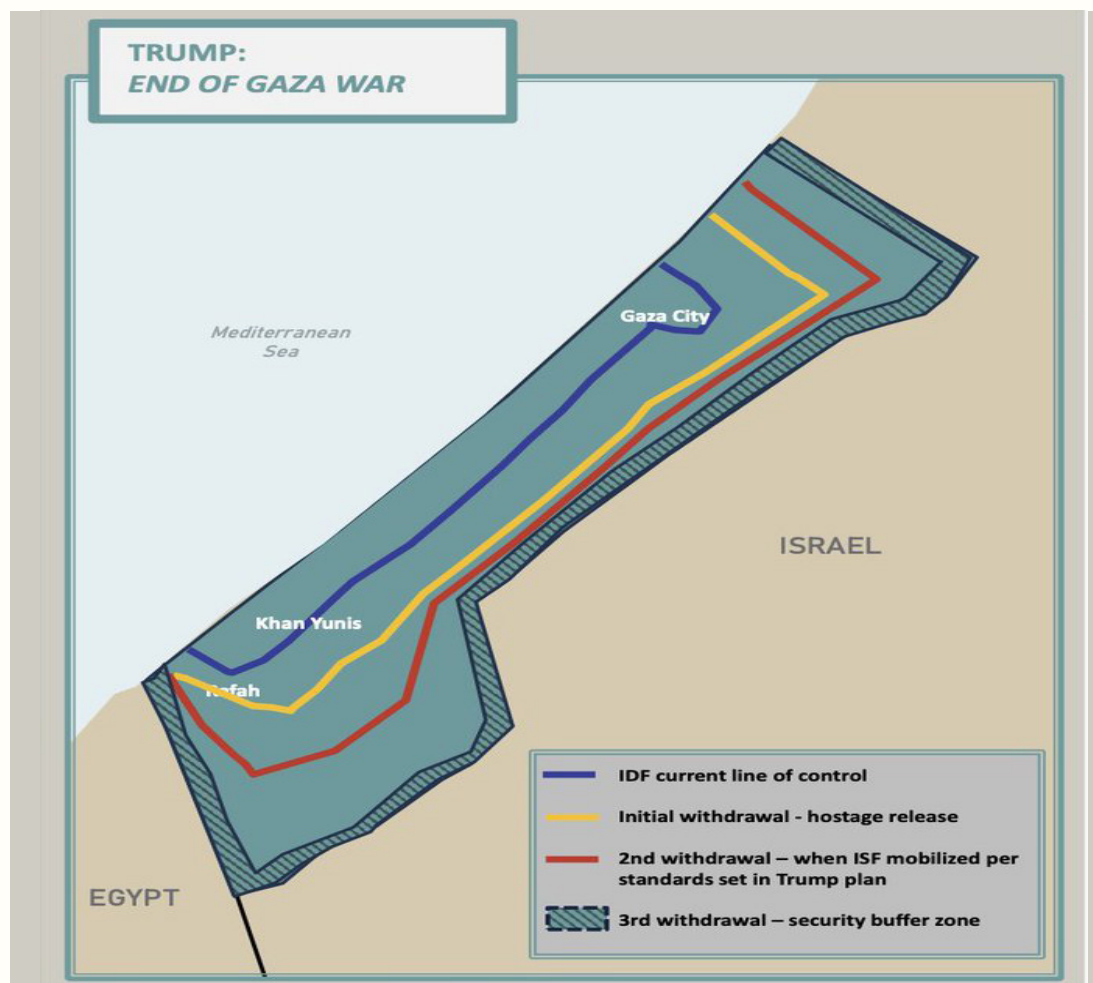
Israel’s desire to prolong its military occupation of Gaza for as long as possible in anticipation of the breakdown of the ceasefire.

Military Penetration to Fragment the West Bank

Since early 2025, Israel expanded its military penetration and deployment in the West Bank, forcing thousands of residents to flee their homes, while evacuating refugee camps across the northern West Bank. Human Rights Watch accused Israel of committing war crimes and crimes against humanity due to what it described as forced displacement of Palestinians in the West Bank. According to the Palestinian Colonization and Wall Resistance Commission, Israeli authorities prepared during the two years of the Gaza war approximately 355 settlement master plans in the West Bank, including Jerusalem, to build 37,415 settlement units, while demolishing 3,679 Palestinian structures.⁽¹⁹⁾

In line with Israel’s strategy to block any potential declaration of a Palestinian state, Finance Minister Bezalel Smotrich revealed in August 2025 a settlement project⁽²⁰⁾ east of Jerusalem linking the Ma’ale Adumim settlement to occupied Jerusalem and separating it from its Palestinian surroundings, after

Map 2.2: Phases of Israeli Withdrawal From Gaza



Source: The White House, X post, 9:51 pm, September 29, 2025, accessed January 8, 2026, <https://x.com/WhiteHouse/status/1972736025597219278>.

a delay — according to Smotrich — lasting about 20 years. He explained that the project involves confiscating thousands of dunams (one tenth of a hectare) to accommodate about 1 million addi-

tional settlers in the West Bank, which he described as “part of Israel by divine promise,” adding, “The time has come to impose Israeli sovereignty on the West Bank and end the idea of dividing Israel

forever. The plan is the final nail in the coffin for the concept of a Palestinian state.”⁽²¹⁾ In September 2025, Smotrich also presented a map showing plans for full control over 82% of the West Bank.⁽²²⁾

Israeli Escalation Against Arab Countries

Israel did not stop at weakening Iran’s network of proxies and promoting the “Greater Israel” map to achieve its expansionist strategy in the Middle East. It also created a state of escalation against Arab countries in 2025, through its unrelenting military targeting of Lebanon and Syria to impose a new geostrategic reality in the northern and northeastern fronts, repeated threats of strikes in Iraq against Iran-backed militias, tensions with Egypt preceding the Sharm El-Sheikh agreement, attempts to provoke Saudi Arabia by proposing resettlement of Palestinians in the kingdom and even targeting a Hamas leadership meeting in Doha. These brazen moves by Israel are analyzed below.

Escalating Israeli Military Violations in Lebanon and Syria

As previously noted, on the Lebanese front, despite the ceasefire agreement with Hezbollah, the Israeli army revealed that it had carried out about 1,200 military operations in southern

Map 2.3: Israeli Deployment Points in Southern Lebanon



Redesigned and translated version of the original infographic by Rasanah IIIS, 2025.

Source: Wissam Hajar, Al-Aman Magazine, February 19, 2025, accessed January 12, 2026, <https://bit.ly/3XKyYjA>.

Lebanon in a single year under the pretext of striking Hezbollah's rearmament efforts. Meanwhile, the United Nations Interim Force in Lebanon (UNIFIL) disclosed on November 28, 2025, that "Is-

rael committed more than 10,000 aerial and ground violations during the past twelve months,"⁽²³⁾ in addition to retaining several strategic sites in southern Lebanon from which it refuses to with-

draw, citing Hezbollah's military presence (see Map 2.3). This situation complicates Lebanon's security, economic and political challenges, placing more obstacles before the government.

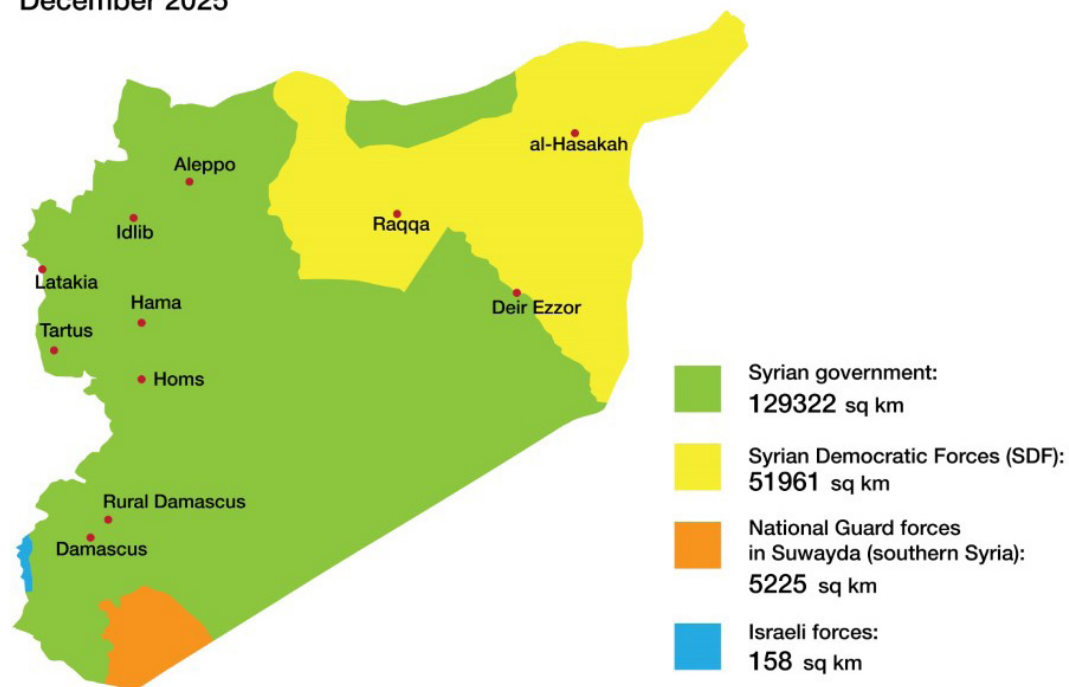
On the Syrian front, Israel's geopolitical ambitions pose the most serious challenge to the Syrian government in the post-Assad phase. Exploiting Syria's fragile conditions, Israel pursued its geopolitical schemes, beginning with control of the strategic Mount Hermon city, penetration into the buffer zone and expansion in the Golan Heights (see Map 2.4). Israel further threatened Syrian security by launching hundreds of airstrikes across the country, bombing targets near the presidential palace in Damascus and conducting multiple incursions near the borders into Daraa, Quneitra and rural Damascus — directly threatening Syria's sovereignty and territorial integrity. Israel claimed these were operations to halt armed group threats and protect the Druze community.

Moreover, Israel sought to incite communal strife in Syria by exploiting sectarian tensions to its advantage, conducting airstrikes in rural Damascus and airborne operations in Sweida under the pretext of protecting the Druze minority, while threatening the Syrian regime with intervention and use of force if Druze

Map 2.4: Influence and Control in Syria, December 2025

Map of influence and control in Syria

December 2025



Source: Mohammad Kakhi, Amir Hakouk, Rakan al-Khadr, Wasim al-Adawi, “Post-deadline Scenarios Damascus and the SDF: Rescheduling March 10 or Escalation?” *Enabbaladi*, January 2, 2026, accessed January 8, 2026, <https://bit.ly/3N3ebWt>.

security was endangered. This aimed to cultivate local allies among Druze factions wary of their future relationship with the transitional government led by Ahmad al-Sharaa. Israel appears to be stalling in signing any security agreements with Syria based on the 1974 disengagement accord, insisting that its

presence in the Golan is a fundamental condition for normalization with Syria.

Attempting to Stir Confrontation and Strain Relations With Egypt

The year 2025 witnessed diplomatic escalation between Israel and Egypt, as Cairo rejected Israel’s strategies and plans for Palestinian displacement. Ne-

tanyahu ignited a diplomatic crisis with Egypt in September 2025 by publicly suggesting that Palestinians in Gaza could cross into Egyptian territory through the Rafah Crossing. This was followed by Israel’s ambassador to the United States Yechiel Leiter accusing Egypt of committing a “very serious violation” of the peace treaty between the two sides,⁽²⁴⁾ referring to Egypt’s heavy military presence in Sinai. At the same time, Egyptian President Abdel Fattah el-Sisi described Israel as “the enemy” during his speech at the emergency summit of Arab and Muslim countries in Qatar — the first time an Egyptian president has used such language in decades. In parallel, Netanyahu, with US Secretary of State Marco Rubio, presented a list of Egyptian military activities in Sinai, denouncing these as fundamental violations of the peace treaty. Cairo responded with an official statement affirming that the Egyptian army’s presence in Sinai was driven by readiness “with all its strength and expertise to confront any emergency and any attack on its sovereignty.”⁽²⁵⁾

Although Israeli escalation toward Egypt subsided somewhat after the Sharm El-Sheikh ceasefire agreement, Israel’s strategy of provocation did not end entirely. On November 6, 2025, Defense Minister Israel Katz instructed the

army to turn the area adjacent to the Israel-Egypt border into a closed military zone. Egypt, meanwhile, absorbed the escalation with precautionary ground measures, as Foreign Minister Badr Abdelatty stressed, “Egypt is always a major state and respects its commitments. If it signs a peace treaty with any country, including Israel, it cannot violate the treaty as long as the other party abides by it.” He added that relations with Israel “experienced severe tension due to the Gaza war, leaving repercussions on communication between the two sides.”⁽²⁶⁾

Over two years of war, Israel adopted a “scorched-earth” policy from north to south toward the Egyptian border, rendering Gaza uninhabitable in order to implement its displacement schemes. It seized control of the Philadelphi Corridor in clear violation of the security protocol annexed to the peace treaty with Egypt, repeatedly rejecting a ceasefire, but Egypt’s firm stance was a key factor in obstructing Israel’s displacement plans.

Provoking Saudi Arabia

Netanyahu stirred controversy in February 2025 by claiming that Saudi Arabia — which demands a Palestinian state as a prerequisite for any diplomatic relations with Israel — could establish a Palestinian state on its own territory, given its

vast geography. The kingdom responded with a Foreign Ministry statement:⁽²⁷⁾

The Kingdom of Saudi Arabia appreciates the condemnation, disapproval and total rejection announced by the brotherly countries towards what Benjamin Netanyahu stated regarding the displacement of the Palestinian people from their land and the Kingdom values the positions that emphasize the centrality of the Palestinian issue to the Arab and Muslim countries [...]. The Kingdom also points out that this extremist, occupying mentality does not understand what the Palestinian land means to the brotherly people of Palestine [...]. The Kingdom notes that the proponents of these extremist ideas are the ones who prevented Israel from accepting peace by refusing peaceful coexistence, rejecting the peace initiatives adopted by the Arab countries, and systematically practicing injustice towards the Palestinian people for more than 75 years.

Israel’s concern and resentment toward Saudi Arabia’s role in the Palestinian issue can be explained by Tel Aviv’s recognition of the kingdom’s growing influence regionally and internationally, to the extent that the Trump administration listened to its demands. This strengthened Saudi efforts to define a clear path for the Israeli conflict ending with the

establishment of a Palestinian state as a principal condition for normalization with Israel. Thus, the kingdom played a prominent role in providing broad international support for the Palestinian state. Saudi Arabia remains committed to a two-state solution and the establishment of an independent Palestinian state with East Jerusalem as its capital.

Launching an Attack Targeting Hamas Leaders in Doha

Israeli escalation against Arab states peaked by crossing a new red line when the Israeli army attacked Hamas’ negotiating delegation in Doha in September 2025, killing five Hamas delegates and one Qatari security officer. Analysts described the attack as a strategic blunder by Israel, pushing the Middle East conflict into a new phase unfavorable to Israel, as it targeted a Gulf state allied with the United States and a mediator in regional de-escalation talks. The attack placed Arab and Gulf states on unprecedented alert against Israel and embarrassed Trump before his Gulf allies, who showed interest in seeking reliable partners and signing new defense partnerships, such as Saudi Arabia’s defense pact with Pakistan. This development affected US calculations in the Middle East and pressured the Trump admin-

istration to push Israel into accepting a ceasefire after realizing the negative repercussions of its continued military campaign on Trump's regional and international arrangements. In an attempt to close the file and absorb its negative impact, Trump arranged a phone apology from Netanyahu to Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman for the strike during a meeting with Trump at the White House.

Arab, Regional and International Positions Challenging the Israeli Project

Israel's persistent efforts to advance its geopolitical schemes of "Greater Israel" and turn them into reality face several challenges. Some are internal, though less impactful, such as the lack of consensus on the far-right government's policies and the growing rejection among the Israeli public of endless wars. Former Prime Minister Ehud Olmert even declared that Israel had become a "pariah state," holding the current government responsible for its increasing international isolation. Netanyahu himself admitted Israel's economic isolation as a result of the Gaza war, with Tel Aviv possibly heading toward a closed economy. External challenges, however, are far more significant, which are discussed below.

Arab Efforts to Counter Israeli Schemes

The year 2025 witnessed numerous important Arab initiatives that acted as a bulwark against Israel's expansionist ambitions, significantly obstructing its plans. The Sharm El-Sheikh Peace Summit in October 2025 represented the culmination of these efforts. After indirect negotiations between Hamas and Israel, mediated by the United States, Egypt and Qatar, an agreement for peace in Gaza was announced on Thursday, October 9, 2025. On October 14, leaders of the United States, Egypt, Türkiye and Qatar signed a document dubbed the Comprehensive Plan to End the Gaza Conflict, joined by 31 leaders and representatives of states and international organizations.

Saudi Arabia, meanwhile, sought to activate the Arab Peace Initiative, establish a Palestinian state and thwart Israeli displacement schemes. On September 22, 2025, the kingdom and France co-chaired a high-level international conference at the UN headquarters in New York on peacefully resolving the Palestinian issue and achieving a two-state solution. The conference resulted in the recognition of Palestine by more than 150 countries, including the UK — the author of the Balfour Declaration — Australia, Canada and Portugal. Earlier, Doha hosted the Gulf-Arab-Islamic Summit on September 15, 2025, which

called for reviewing diplomatic and economic ties with Israel after its targeting of Hamas officials. The summit achieved Arab and Islamic consensus on legally pursuing Israel and supporting the establishment of a Palestinian state. Its final communiqué urged "all states to take all legal measures to prevent Israel from continuing its actions against Palestinians, including supporting efforts to end its impunity and hold it accountable," and called for "sanctions on Israel, suspension of arms and military supplies, and review of diplomatic and economic relations."⁽²⁸⁾

In addition, the 34th Arab Summit in May 2025 rejected all forms of Palestinian displacement and emphasized the "centrality of the Palestinian cause," supporting Palestinian rights and the establishment of a Palestinian state. It condemned "illegal practices by Israeli aggression as the occupying power," while endorsing the Arab-Islamic plan adopted by the Arab League and the Organization of Islamic Cooperation for Gaza's recovery and reconstruction and supporting Palestine's bid for full UN membership.⁽²⁹⁾ Arab states also thwarted early Israeli displacement plans backed by Washington when leaders at the Extraordinary Arab Summit in Cairo in March 2025 adopted Egypt's Gaza reconstruction plan, offering an alternative to Trump's "Mid-

dle East Riviera” proposal by rebuilding Gaza without displacing its population.⁽³⁰⁾

Regional Powers Confronting Israeli Geopolitical Expansion

Regional powers aligned with Arab positions in opposing Israel’s expansionist schemes, viewing these as threats to regional security and stability. Israel’s geopolitical project clashes with both Turkish and Iranian agendas. Ankara and Tehran consider Israeli expansion “the primary security threat” to the region. At their joint meeting in Tehran on November 30, 2025, the foreign ministers of both countries stressed the need to preserve the Gaza ceasefire, achieved with great effort, move to the next stage of the agreement and end the ongoing aggression in the West Bank and Jerusalem. Both states regard the ceasefire as a crucial step to disrupt Israel’s geopolitical project, and see the far-right Israeli government as a major source of instability in the Middle East.

International Momentum Toward a Two-state Solution

On the global level, a growing trend in 2025 — excluding the US position — moved toward recognizing the Palestinian state, forming a significant obstacle to Israel’s expansionist ambitions. This reflected a worldwide vision that a two-state solution is a realistic necessity to

end the region’s most enduring conflict. The majority of states recognized Palestine, with many raising the Palestinian flag. Meanwhile, global anger and hostility toward Israeli policies surged, with mass protests across Western capitals demanding an end to the war and Israeli violations against Palestinians. Despite US rejection of these recognitions — Trump called them “a reward for Hamas,” insisting they were “just more talk and not enough action from some of our friends and allies,”⁽³¹⁾ — and warnings from his secretary of state that recognitions would obstruct ceasefire efforts and push Israel to annex the West Bank — growing international recognition of Palestine marked a notable diplomatic shift in 2025, highlighting escalating global rejection of Israel’s expansionist policies.

Conclusion: Pathways of Israel’s Geopolitical Ambitions and the Future of the Gaza Ceasefire

Israel’s geopolitical maneuvers in the Middle East during 2025 produced several outcomes with significant implications for the future. Israel succeeded in pushing back Iran’s regional front lines by severely weakening Hamas, prolonging the war to its maximum duration and diminishing the group’s military, political and logistical strength. It cut

Hamas’ supply lines near and far — from Lebanon and Syria to Iran — while inflicting unprecedented destruction on Gaza’s infrastructure and geography. It also decimated Hezbollah’s military and leadership base in Lebanon, continued military strikes and assassinations in the northern and northeastern fronts and achieved successes against Iran-backed militias in Iraq and the Houthis in Yemen.

Yet Israel failed to achieve its core objectives and the cornerstone of the alleged “Greater Israel” plan: the complete displacement of Palestinians, the total eradication of Hamas and its removal from Gaza, along with dismantling its popular base of support. Despite war crimes and massive destruction, Hamas remained part of the equation by signing the ceasefire agreement, and Israel could not impose disarmament as a condition. Hezbollah also remains a political actor in Lebanon, despite ongoing Israeli strikes and assassinations, with its leadership affirming that its resistance arms remain and that it will fight if forced. Israeli intelligence leaders admitted that the threat of the Houthis and militias in Iraq and Syria persists, with Iran continuing to arm them in preparation for future conflict.

Accordingly, Israel is expected to continue violating the peace agreement, with ongoing breaches in Syria and Lebanon, rendering it a rogue state under international law. With Israel's global image increasingly that of an aggressor disregarding international laws and treaties, the "Greater Israel" plan is unlikely to succeed. Israel failed to drag Arab states into escalation, while Arab powers resisted its expansionist schemes and rejected Palestinian displacement. Egypt and Saudi Arabia remain at the forefront of Arab efforts to achieve lasting regional peace by rejecting displacement and insisting on a Palestinian state with East Jerusalem as its capital as the solution to the historic Middle East conflict. Türkiye and Iran are also expected to continue opposing Israeli policies. Despite their strategic rivalry and disagreements on many issues, both share regional interests, foremost among them concern over Israel's overwhelming military superiority and joint efforts to counter its rapacious agenda.

Türkiye's obstructive presence against Israel's expansionist ambitions is likely to grow if Ankara participates in the planned international force in Gaza to monitor the ceasefire and stabilize the region. Although Israel rejects Türkiye's participation, the White House is not

supportive of this stance, recognizing Türkiye's significant role in achieving the Gaza ceasefire through its ties with Hamas and its potential to contribute to reconstruction and security in the coming phase.

Within this complex regional and international context, three future scenarios can be anticipated regarding Israel's expansionist project in the Middle East, as follows:

First Scenario: Escalation and Return to Square One in Order to Achieve Israel's Maximalist Regional Goals

The issue of disarming Hamas may prove to be the Achilles' heel of the Sharm El-Sheikh agreement. Although Israel continues to commit atrocities in Gaza after the ceasefire agreement, with broad security and military violations by the Israeli army under various pretexts, the matter of disarming Gaza — an essential Israeli condition backed by Trump for any agreement to end the crisis — remains Israel's ready-made justification for future escalation in Gaza and the occupied territories. While Egyptian negotiators succeeded in bypassing this dilemma temporarily during the signing arrangements and the final text under US sponsorship, this does not mean the objective has been removed from Israel's

escalation equation. This forecast is reinforced by the fact that Hamas was given a two-month deadline to disarm during the Trump-Netanyahu meeting on December 29, 2025. In this potential scenario, Iran's front line — long targeted by Israel for removal — may play a role, especially with continued Israeli violations in Lebanon and Syria under the claim of preventing Hezbollah's rearmament and eliminating armed groups. Intelligence reports confirm Iran's intention to activate Iraqi militias and the Houthis in Yemen for a renewed round of conflict with Israel. This implies the possibility of regional turmoil erupting again, a climate in which Israel's narrative of victimhood thrives to gain international sympathy as a cover for its expansionist ambitions.

Second Scenario: Relative Calm if Netanyahu Leaves Power

Relative de-escalation may occur if Netanyahu exits power and a new government adopts policies different from the far-right agenda currently under mounting internal pressure due to Netanyahu's corruption cases and his government's security and political failures. With Netanyahu submitting a petition for presidential pardon in corruption trials, his political future hangs in the balance. He may cling to power until the end, leveraging his coalition's parliamentary ma-

majority to resist no-confidence measures. Alternatively, he may be pressured into holding snap elections or he could secure a political deal through pardon in exchange for retiring from politics, leading to the collapse of his government. Alternatively, conviction on charges of fraud, bribery and breach of trust could bar him from continuing in office. In either case, a new government would form under early elections, and would be expected to pursue less escalatory policies, regardless of ideological orientation, at least in its initial phase. Its primary goal would be rebuilding internal arrangements for the post-Netanyahu stage.

Third Scenario: Regional Guarantee of Calm Through Arab Alignment With Türkiye and Iran

A regional guarantee of calm could be achieved through Arab alignment with Türkiye and Iran to confront Israeli escalation policies, whether Netanyahu remains in power or not. Under this framework, Egypt and Saudi Arabia, alongside Qatar, could build upon the achievements of the Sharm El-Sheikh agreement, leveraging regional momentum from Türkiye and Iran, both opposed to Israel's unchecked military and security policies. By employing economic tools with US support and highlighting that re-

gional tensions harm the economic interests of all parties, pressure could be exerted on the Israeli government — whether current or future — to remain within the agreed framework, prioritize Gaza's reconstruction, halt land-grabbing policies in the West Bank and end displacement schemes. Therefore, working with international partners to achieve tangible steps within a defined timeframe toward declaring a Palestinian state would end the ongoing regional conflict in the Middle East once and for all.

Türkiye's Expansive Geopolitical Positioning

The 2024 ASR projected that Ankara would continue pursuing its flexible, pragmatic approach within a broader strategy aimed at redefining its power and regional positioning. This shift comes against the backdrop of transformations in regional and international power maps following the eruption of geopolitical conflicts across the Euro-Asian and Middle Eastern regions, and the preoccupation of major powers with these conflicts in order to safeguard their interests and global standing. These dynamics created maneuvering space for Ankara to strengthen its regional presence and expand its international influence away from Western pressures.

Türkiye capitalized on the relative vacuum in the Middle East during 2025 to impose a greater geopolitical presence and advance its supreme national interests by balancing conflicting interests and moving flexibly across intertwined geopolitical environments. Accordingly, this section of the report focuses on five pillars that constitute the most influential foundations shaping Türkiye's geopolitical positioning. The first examines the nature of Türkiye's influence in Syria; the second analyzes Turkish progress in resolving the Kurdish issue; the third reviews the process of giving Turkish-Arab relations a strategic character; the fourth explains Türkiye's position on Israeli expansionism; and the fifth explores Türkiye's rising status in the Caucasus and in South and East Asia. The conclusion provides an outlook on the future trajectory of Türkiye's positioning within shifting geopolitical environments.

Turkish Influence in Syria

The withdrawal of Iran-aligned militias following the fall of the Assad regime created a historic opportunity for Türkiye to reinforce its strategic objectives in Syria and reposition itself within the vacuum left by Iran. Türkiye helped define a new phase in post-Assad Syr-

ia in cooperation with the Gulf states, aiming to prevent the reemergence of a militia-dominated state — engineering the new equation under the leadership of the transitional government headed by Ahmad al-Sharaa. Türkiye's role in post-Assad Syria has relied primarily on the military dimension, as the challenges facing Syria after Assad are fundamentally security-related. Internally, these include the fragmentation of the military institution, the proliferation of uncontrolled weapons among supporters of the former regime, Israel's destruction of Syrian military capabilities and its maximalist agenda of regional reconfiguration as well as strengthening Kurdish separatism. Externally, the challenges relate to hostile or opportunistic states surrounding the new Syrian system — particularly Iran and its militias, which withdrew from Syria toward the Iraqi and Lebanese borders after Assad's fall. Turkish decision-makers view Syria as a national security issue, a strategic depth and a vital sphere.

Accordingly, Türkiye's current military presence in Syria holds significant importance within Ankara's strategy to redraw regional balances in the post-Iran era. It is no longer merely a defensive tool to secure a safe zone near northern Syria or to contain refugee flows along the borders. Instead, the



Source: "Turkey's Military Presence in Syria," +963Media, October 23, 2025, accessed January 8, 2026, <https://bit.ly/49pR2FO>, (data from Jusoor Center for Studies).

military presence has become a strategic pillar enabling Ankara to reshape the balance of power in the Middle East and to serve as an advanced geopolitical arm that grants Türkiye the ability to impose its will on existing or potential influence maps and economic corridors passing through Syria. Below are the key

features of Turkish military influence in Syria in 2025.

Militarizing Geography (Türkiye's On-the-Ground Veto)

Türkiye's military presence in Syria is no longer a border security function; it has become the spearhead of a strategic project aimed at recalibrating regional

power balances. A consolidated Turkish military network has taken hold across strategic locations in northern Syria, stretching from Idlib to Al-Hasakah, Latakia and Hama, passing through the outskirts of Aleppo (see Figure 2.1). By October 2025,⁽³²⁾ Türkiye had established approximately 12 military bases and 114 military observation points across various Syrian regions, forming an interconnected belt of military influence extending from the Turkish border to the front lines separating areas controlled by the new government and those held by the Syrian Democratic Forces (SDF). This configuration makes Türkiye an indispensable actor in Syria, capable of influencing the actions of Sunni armed groups supporting Sharaa.

Türkiye's military presence also grants it maneuverability and rapid response capability to safeguard post-Assad arrangements in ways that cannot be bypassed in any future settlement. It provides Ankara with significant bargaining leverage with major powers such as the United States and Russia regarding the Syrian file, compelling them to treat Türkiye as a principal partner. It also enables Ankara to prevent the consolidation of Kurdish autonomous entities along its southern border. However,

Israeli threats in southern Syria continue to weigh heavily on Türkiye's strategy, as Tel Aviv seeks to curb Turkish expansion near its borders.

Engineering Pipeline Routes by Force

Türkiye's expanding military belt across strategic Syrian regions serves as a lever for its geoeconomic projects, granting Ankara the ability to restructure energy corridors in the Middle East. Syria is part of a broader Turkish project aimed at transforming Türkiye into a hub for Middle Eastern gas and oil pipelines destined for Europe. The Turkish presence in Syria also obstructs competing energy routes, such as the Iranian gas pipeline project (the "Islamic Pipeline"), which was planned to run through Iraq and Syria toward Türkiye and then Europe.⁽³³⁾

Türkiye is pushing producers in Syrian fields — containing moderate quantities of natural gas — toward integration with the Trans-Anatolian Natural Gas Pipeline (TANAP), turning Türkiye into an indispensable energy gateway. The reactivation of the Kilis-Aleppo pipeline in 2025 to supply Syrian power plants with Azerbaijani and Qatari gas under Turkish military protection has made post-Assad Damascus structurally dependent on Ankara for energy. Thus,

Türkiye's military deployment has shifted from a security tool to a mechanism for imposing a Turkish vision on pipeline maps, positioning Ankara as the central energy node of both the Eastern Mediterranean and the Middle East.

Türkiye Replacing Iran's Role in Syria

One of the strategic advantages of Türkiye's prominent military presence in Syria is its ability to replace Iran's role by forming a military barrier preventing the return of Iranian forces and militias stationed along the Iraqi and Lebanese borders. With Tehran unable to move overland toward Syria and the Mediterranean — having lost key geopolitical chokepoints that once served as lifelines for its energy and geopolitical ambitions — Syria has transformed from an Iranian expansion corridor into a fortified Turkish barrier blocking Iranian penetration and effectively closing the final chapter of the "Shiite Crescent" at its roots.

Türkiye has not only disrupted Iran's economic project; it has recast the geopolitical map in a way that liberates northern Syria from Iranian influence and grants Ankara the upper hand in the post-Assad era.

Turkish Progress in Resolving the Kurdish Issue

After Türkiye succeeded in filling the vacuum created by the Iranian withdrawal and became the most influential actor in Syria — securing an advanced military front along its southern lines — and after recognizing the altered regional circumstances marked by Iran’s diminishing regional role, with its “Axis of Resistance” facing unprecedented setbacks, as well as favorable international conditions represented in strong relations with the US, Chinese and Russian leaderships, Ankara moved toward its second strategic objective: eliminating the historic Kurdish threat.

In pursuit of this, Türkiye adopted a new approach linking the Kurdish issue directly to Turkish national security. Throughout 2025, Ankara implemented a series of pressure tactics on Kurds inside and outside Türkiye to compel them to accept integration within official state structures in both Türkiye and Syria. These measures ranged from intensifying political and diplomatic interactions with the Trump administration to halt support for Kurdish groups — leveraging Ankara’s strong ties with the US president — to escalating air strikes on PKK positions in northern Iraq and on SDF forces in northern Syria since early 2025. The following outlines the key components of this approach.

Türkiye’s Revised Stance on the Kurdish Issue

Türkiye’s approach to the Kurdish question underwent a structural transformation in 2025, driven by a strategic assessment that linked the persistence of Kurdish threats to national security and Türkiye’s overarching interests — after years of framing the issue merely as a border security concern. In Ankara’s new perspective, eliminating Kurdish threats is no longer a political option but a national security necessity, especially as Türkiye becomes increasingly involved in multiple regional fronts.

This shift aims to end a chronic internal source of attrition and redirect state capacity toward geopolitical repositioning in the Middle East and the Caucasus. It reflects a deliberate policy to reshape the entire Kurdish sphere — inside Türkiye and across Syria and Iraq — by dismantling the political-security structures that historically enabled Kurdish actors to challenge Ankara’s interests. The goal is to transform the Kurdish issue from a longstanding vulnerability into strategic leverage within Türkiye’s regional influence project. Türkiye is not merely seeking to end an armed insurgency; it is attempting to dismantle the transborder political-military Kurdish architecture, replacing it with a new

system in which Kurds become part of Türkiye’s national security framework rather than a threat to it.

Ending the PKK’s Historic Conflict With Türkiye

The “Terror-Free Türkiye Initiative” is not simply an attempt to contain the PKK; it represents a Turkish effort to restructure the Kurdish sphere inside Türkiye. Ankara seeks to dismantle the PKK’s hardened organizational core by shifting the center of Kurdish decision-making from the Qandil Mountains — its traditional stronghold — into Turkish state institutions, thereby closing the door on any cross-border armed authority.

These efforts gained broad support from political parties and factions, particularly the Nationalist Movement Party (MHP) led by Devlet Bahçeli, reflecting Türkiye’s success in forging a domestic consensus that enables decision-making on issues once considered red lines.

As a result of sustained Turkish pressure, the first major outcome of Ankara’s 2025 Kurdish strategy emerged when the PKK’s imprisoned leader Abdullah Öcalan issued a statement on February 27, 2025 calling on the organization to dissolve itself, abandon armed struggle and pursue a political and democratic

resolution to the Kurdish issue in Türkiye.⁽³⁴⁾ On March 1, 2025, the PKK announced its compliance with Öcalan's call, declaring a ceasefire, disarmament and the end of its armed conflict with the Turkish state, committing to a return to legal and political activity.

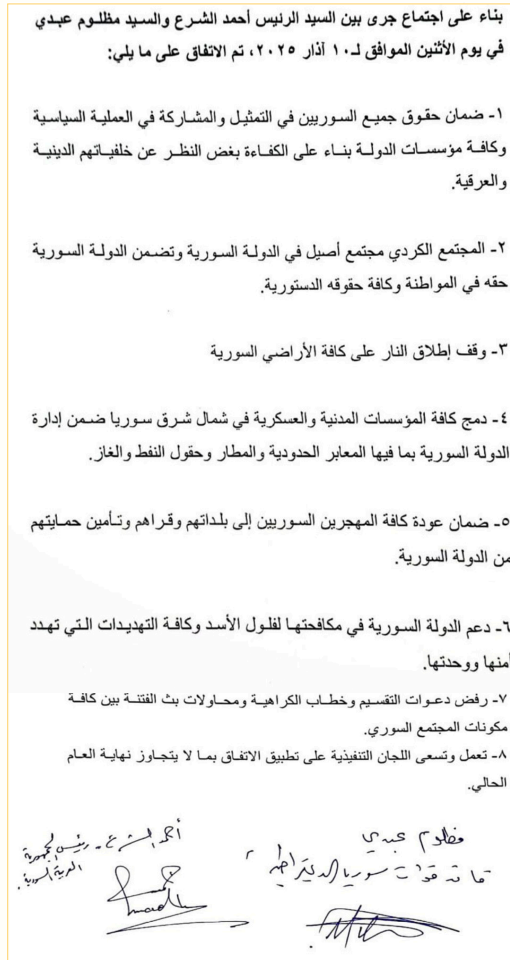
In a significant confidence-building gesture, the PKK announced in July 2025 that it had destroyed some of its weapons in Sulaymaniyah — marking a historic turning point that ended more than four decades of armed conflict and stands as one of Türkiye's most consequential achievements in neutralizing the Kurdish threat.

SDF Acquiescence

The second major outcome of Türkiye's strategy was the capitulation of the SDF, led by Mazloun Abdi, to Ankara's demand that they integrate into the Syrian army. On March 10, 2025, Abdi signed an agreement with President Sharaa to merge SDF forces into the national army (see Figure 2.2). The agreement included several key provisions: a ceasefire; recognition of Kurdish rights as an essential component of the state; integration of civil and military institutions in northern Syria under the state's authority, including oil and gas resources; categorical rejection of secessionist proposals; and guarantees of fair representation for all

Syrians regardless of sect, ethnicity or religion.⁽³⁵⁾

Figure 2.2: Text of the Agreement Signed Between Sharaa and Abdi (March 2025)



Source: Text of the agreement as published by the Presidency of the Syrian Arab Republic on its Telegram channel (@SyPresidency), in "Agreement Signed to Integrate SDF Into Institutions of the Syrian Arab Republic," *Syrian Arab News Agency (SANA)*, March 10, 2025, accessed January 8, 2026, <https://www.sana.sy/en/?p=349228>.

Below is the translation of the agreement provisions by SANA:

Based on a meeting held between President Ahmad al-Sharaa and Mr. Mazloun Abdi on Monday, March 10, 2025, the following was agreed upon:

1. Guaranteeing the rights of all Syrians to representation and participation in the political process and all state institutions, based on competence regardless of their religious and ethnic backgrounds.
2. Recognizing the Kurdish community as an integral part of the Syrian state, with the Syrian state guaranteeing their right to citizenship and all constitutional rights.
3. Establishing a ceasefire across all Syrian territories.
4. Integrating all civil and military institutions in northeastern Syria into the administration of the Syrian state, including border crossings, airports, and oil and gas fields.
5. Ensuring the return of all displaced Syrians to their towns and villages and securing their protection by the Syrian state.
6. Supporting the Syrian state in its efforts to combat remnants of the Assad regime and all threats to its security and unity.
7. Rejecting calls for division, hate speech, and attempts to sow discord among all components of Syrian society.
8. The executive committees shall work and strive to implement the agreement by no later than the end of the current year.⁽³⁶⁾

Türkiye views the SDF as the most dangerous regional extension of the PKK. Thus, reintegrating the SDF into the Syrian army, stripping it of its strategic depth and severing its economic

lifeline by removing its control over Syrian oil and gas fields were among Ankara's primary objectives in the post-Assad phase. Türkiye's aim is not merely to prevent the emergence of a Kurdish entity along its southern border, but to transform Kurdish forces in Syria from an autonomous actor into a local component subordinate to a central state aligned with Ankara. This vision would fully secure Türkiye's southern front and convert Syria from a source of Kurdish threat into a safe corridor and a strategic anchor for Türkiye's regional influence.

However, the lack of concrete implementation of the agreement's provisions on the ground may be linked to the absence of a binding strategic framework compelling the SDF to proceed with full integration.

Türkiye-Arab Relations Assume Greater Strategic Significance

As part of Türkiye's strategy to reposition and exert influence, Türkiye-Arab relations in 2025 moved beyond a phase of protocol-level reconciliation and entered a deeper stage that granted these relations a distinctly strategic character. Türkiye has sought to build an active Turkish-Arab-Gulf axis capable of filling the regional vacuum created by Iran's decline. The rapprochement between An-

kara and Riyadh, Abu Dhabi and Doha is no longer circumstantial coordination; it has evolved into a strategic approach aimed at forming a regional bloc equipped with deterrence and maneuvering capabilities to fill security gaps in the Middle East.

This shift reflects a shared understanding that confronting non-Arab geopolitical projects — namely Iranian and Israeli attempts to impose new and decisive regional realities — requires the formation of a counter-axis with significant military and economic capabilities. Türkiye has positioned itself as the backbone of this axis, leveraging its military deployment in Syria and Iraq, its advanced defense sector and its expanding economic ties with Arab capitals.

Turkish-Gulf Coordination in Syria and Lebanon

In 2025, Turkish-Gulf coordination in Syria and Lebanon was characterized by strategic synergy and a carefully calibrated division of roles aimed at reshaping the regional environment away from Iranian and Israeli influence. In Syria, Türkiye provides the security and military umbrella necessary to stabilize the new Syrian order under Sharaa by controlling the northern geography, subduing Kurdish forces and prevent-

ing the return of Iranian militias. Meanwhile, Saudi Arabia, Qatar and the UAE assumed responsibility for financing reconstruction and stabilizing the Syrian economy — anchoring Damascus within a new Turkish-Arab framework and pulling it definitively out of Iran's orbit.

Türkiye also revived the proposal for a Turkish-Gulf-Syrian-Jordanian commercial corridor during the Joint Economic Committee meetings in Amman in December 2025, enabling the flow of goods from Turkish ports to Gulf markets while bypassing Iranian influence in Iraq — an economic and strategic breakthrough.

In Lebanon, Türkiye and Saudi Arabia converged on an approach centered on empowering legitimate state institutions — especially the Lebanese Armed Forces — and conditioning economic support on reforms that curb Hezbollah's influence and restore the state as the primary governing actor.⁽³⁷⁾

Additionally, reports indicate that Saudi Arabia is considering a proposal to purchase around 100 KAAAN fighter jets and advanced Turkish drones — an unprecedented shift in Gulf confidence in Turkish defense industries as an alternative or complement to Western systems. The Gulf states have also endorsed Türkiye's narrative rejecting separatist

Kurdish entities and supporting Syria's territorial integrity, while Türkiye has reciprocated by aligning with Arab positions opposing Israeli policies. This reflects a shared language of interests that transcends traditional diplomatic rhetoric.

Turkish-Arab Alignment Against Israeli Geopolitical Ambitions

This alignment extends to the formation of a unified regional front against Israel's geopolitical project. Its contours became visible during the 2025 Arab summits in Riyadh and Cairo, which Türkiye attended, where Ankara's positions converged with those of Riyadh, Cairo and Amman on ending the Gaza war and implementing a two-state solution. The parties jointly rejected Israel's mass displacement plan for Gaza and affirmed that Gaza's security is inseparable from regional security.

This alignment also manifested in international diplomacy through the Arab-Islamic Ministerial Committee led by Saudi Arabia, which spearheaded a global diplomatic campaign — supported by Türkiye — to halt the Gaza war and delegitimize Israeli actions in international institutions. This marks a shift in Türkiye's role from a lone critic of Israeli policies to a central actor within a broader Arab-Islamic coalition.

On October 13, 2025, Türkiye, Egypt and Qatar — alongside the United States — signed the Trump Declaration for Enduring Peace and Prosperity. Through the agreement, Israel — under direct US pressure — accepted a Turkish security role inside Gaza, including participation in an international stabilization force under UN leadership. Ankara subsequently hosted meetings of Arab and Islamic foreign ministers in late October 2025 to discuss deployment plans for the stabilization force, with participants expressing consensus on the need for collective action to uphold the ceasefire.

This represents a major breakthrough for Türkiye, restoring it as an on-the-ground actor in the Palestinian issue rather than merely a political supporter. Egypt, meanwhile, assumed responsibility for managing humanitarian aid, creating a functional division of labor that reduces friction between Hamas and Israel and helps stabilize the agreement.

For Arab states, alignment with Türkiye, a powerful regional actor enjoying strong ties with Trump, enhances their leverage in shaping a Palestinian settlement and strengthens their ability to counter Israeli geopolitical ambitions — especially given the excellent relations between Trump and the Saudi crown prince.

For Türkiye, this alignment boosts its economic prospects through Gulf partnerships, improves its image in the Arab world, reintegrates it into an Arab-Islamic rather than a standalone regional power and enables it to form a robust military-economic belt countering both Israeli and Iranian ambitions.

Türkiye-Egypt Normalization

Throughout 2025, Egypt-Türkiye relations entered a new phase, shifting from strategic estrangement to pragmatic and strategic partnership against the backdrop of regional transformations and shifting power balances in the Middle East. The resumption of the Sea of Friendship naval exercises between the two countries in 2025 represented a significant indicator of their desire to give bilateral relations a strategic character. These joint exercises enhance both sides' ability to shape a new security architecture in the Eastern Mediterranean — from the Suez Canal in the west, along the eastern Mediterranean coast, and up to Adana in northeastern Türkiye. They also grant both states greater capacity to operate as a joint naval force capable of deterring any attempts to impose a maritime or energy-related fait accompli, opening the door to a redistribution

of influence in a region where dynamics had been different for a decade.⁽³⁸⁾

The second indicator of bilateral efforts to establish a strategic relationship lies in the consolidation of military-industrial cooperation in the field of drones and unmanned systems, under an agreement between the Turkish defense-technology company Havelsan and Egypt's Arab Organization for Industrialization.⁽³⁹⁾ Cairo has also joined as a full partner in the development of the Turkish stealth fighter KAAN,⁽⁴⁰⁾ reflecting a mutual desire to integrate offensive and defensive value chains rather than engage in traditional procurement deals. Furthermore, on December 15, 2025, the Turkish defense giant Aselsan — one of the world's leading defense industry companies — announced the opening of a regional representative office in Cairo under the name Aselsan Egypt, as part of a strong Turkish presence at Egypt's EDEX 2025 defense exhibition. The move aims to strengthen joint military-industrial cooperation with Egypt, focusing on developing and producing joint defense systems that leverage Aselsan's expertise in military electronics and Egypt's advanced manufacturing capabilities.⁽⁴¹⁾

The accelerating Egyptian-Turkish military-industrial cooperation un-

settled Israel's strategic calculations. According to Israeli assessments, the growing convergence between Ankara and Cairo represents a new, indirect front against Israel's maximalist geopolitical ambitions — one that could affect the regional balance of power. The Israeli newspaper Maariv warned that military cooperation between Cairo and Ankara had entered a new and dangerous phase following Cairo's decision to join the development of the KAAN fighter jet.⁽⁴²⁾

Joint military manufacturing and production represent an advanced tier of bilateral relations between Egypt and Türkiye, reflecting a natural evolution of growing interdependence. It also reveals a shared Egyptian-Turkish objective to keep pace with the rise of effective military technologies demonstrated in the Russia-Ukraine war and the 2025 Israel-Iran war. For Ankara, joint production offers a major opportunity to deepen security cooperation with Cairo to secure gas fields in the Eastern Mediterranean — an arena in which Türkiye seeks gains that transcend its disputes with Cyprus and Greece. It also opens wide maneuvering space for Ankara in energy and maritime boundary issues, shifting Türkiye from an isolated power to an active power backed by Arab legitimacy in some of the region's most complex files,

from Syria to Gaza. In return, Cairo gains access to advanced offensive technologies in the fields of drones and stealth aircraft.

The third indicator centers on the two countries' ability to transform arenas of mutual conflict into platforms for cooperation, as seen in Libya and Gaza. In Libya, the two sides moved from confrontation to a balanced management of influence through undeclared understandings that ensure the stability of state institutions and open pathways for reconstruction. In Gaza, the Trump peace declaration granted Ankara an official security role through its expected participation in the international stabilization force — an arrangement that constrains Israeli geopolitical designs and reinforces the role of both Egypt and Türkiye as pillars of regional peace.

Türkiye's Stand Against Israeli Expansionism

Türkiye did not stop at severing diplomatic relations and halting commercial activities with Israel; rather, it adopted a confrontational stance toward Tel Aviv throughout 2025 after realizing that Israeli policies were no longer directed solely at the Palestinian or Syrian neighborhood, but were gradually evolving into a direct threat to Türkiye's vital

sphere in the Eastern Mediterranean. Accordingly, Ankara moved against Israel in the following ways:

Economic Measures

Türkiye imposed a comprehensive ban on trade with Tel Aviv, targeting key sectors such as construction materials, iron and steel — industries which are heavily dependent on Turkish products. Ankara also escalated its economic pressure by completely closing its airspace to Israeli aircraft and banning Israeli ships from entering its ports. Foreign Minister Hakan Fidan described the move as a “complete severing of economic and commercial relations.”⁽⁴³⁾ This decision was not merely an economic sanction, but a calculated step aimed at weakening the infrastructure of Israeli projects and signaling that Ankara is capable of leveraging its commercial influence to complicate Israeli moves, especially as Tel Aviv seeks to consolidate its expanded security presence stretching toward the Mediterranean and northern Syria.⁽⁴⁴⁾

Military Posture

Türkiye adopted an exceptionally sharp military tone, reflecting a shift from political deterrence to preemptive deterrence. Erdogan repeatedly hinted at the possibility of direct military intervention should Israel cross Turkish red lines

in Gaza or the Eastern Mediterranean. In addition, Ankara unveiled, during the 2025 International Defense Industry Exhibition, an advanced arsenal of strategic weapons, including the Typhoon-4 missile — designed to strike targets hundreds of kilometers away — and the Rage Bomb, an air-delivered munition capable of penetrating fortified bunkers and deep underground facilities. These capabilities demonstrate Türkiye’s growing ability to activate a deterrence strategy that links political messaging with effective military power.

In contrast, Israel rejects the inclusion of Turkish forces in any potential international force in the Gaza Strip. It has strengthened its military and security alliance with Greece and Cyprus — Türkiye’s regional rivals. On December 17, 2025, Israeli Air Force Chief Major General Tomer Bar met with senior air force officials from both countries to enhance operational coordination and defense cooperation, reinforcing what Israel describes as a “regional alliance” with the Greek and Cypriot air forces. Israel views this cooperation as having proven effective during the 12-Day War with Iran.⁽⁴⁵⁾ These meetings came amid growing Israeli concerns over what it perceived as Turkish efforts to expand military in-

fluence in the Eastern Mediterranean in general and Syria in particular.

Political and Legal Actions

Turkish political rhetoric toward Israel witnessed a notable shift in 2025, adopting explicitly confrontational language. In one of his speeches, for example, Erdogan warned that “Netanyahu’s ambitions could lead the world into disaster, just like Adolf Hitler did 90 years ago,”⁽⁴⁶⁾ implying that Netanyahu’s policies could ignite a third world war. Türkiye also joined the lawsuit filed by South Africa against Israel at the ICJ on charges of genocide, and in November 2025 issued arrest warrants for Netanyahu and several senior Israeli officials on charges of committing war crimes in the Gaza Strip.

Türkiye’s orientation toward Israel is undergoing a structural transformation — from a close partnership in the 1990s to an increasingly intense and multidimensional geostrategic rivalry in this century. This shift is linked to evolving domestic and international dynamics. On the home front, declining public support for the Justice and Development Party, as illustrated by the electoral defeats in the Istanbul and Ankara municipal elections for two consecutive terms, is a salient factor. The interplay of these developments underscored the need for

an Arab-Turkish axis to counter Israel's unbridled geopolitical ambitions, especially amid the intensifying geostrategic competition between Ankara and Tel Aviv over influence and newly discovered energy resources in the Eastern Mediterranean and Israel's strategic alliances with Greece and Cyprus, which Ankara views as a direct threat to its geostrategic interests and an attempt to encircle it regionally.

Rising Turkish Influence in the Caucasus and South and East Asia

In addition to the previously mentioned elements of Türkiye's strategic orientations, Ankara implemented in 2025 the Asia Anew initiative — a comprehensive geopolitical project aimed at repositioning Ankara within the Eurasian space through the export of security and defense technology. Türkiye is no longer content with being merely an arms supplier; it now establishes joint production networks and provides security solutions to allied and partner states. This strategy rests on three pillars: integrating Turkish defense industries into the power structures of partner states, creating long-term security linkages that go beyond traditional cooperation and using technology as a geopolitical penetration tool that grants Türkiye in-

fluence rivaled only by major powers. In this context, partnerships with Pakistan, Indonesia and Azerbaijan, along with involvement in the implementation of the Zangezur Corridor, serve as practical examples of this new Turkish geopolitical architecture.⁽⁴⁷⁾

Toward a Strategic Understanding With Pakistan

Turkish-Pakistani cooperation deepened in 2025. In February 2025, Erdogan announced a Turkish-Pakistani agreement to raise bilateral trade to \$5 billion.⁽⁴⁸⁾ Pakistani Prime Minister Shehbaz Sharif visited Ankara in April 2025, during which the two leaders emphasized the need to strengthen cooperation in training and intelligence sharing in counterterrorism and to enhance the effectiveness of the Istanbul-Tehran-Islamabad railway. Türkiye, in partnership with Qatar, is also mediating efforts to ease tensions along the Pakistan-Afghan border.

The most significant shift, however, lies in joint military industries. Ankara began establishing production lines for Bayraktar and Akıncı drones inside Pakistan, transforming the country into a regional hub for Turkish defense industries. Cooperation has taken on a more strategic dimension through partnership in ballistic-missile technology

— particularly the TAYFUN project — in which Türkiye benefits from Pakistan's missile and nuclear expertise in exchange for contributing to the modernization of Pakistan's naval fleet. This understanding marks a qualitative leap that moves Türkiye beyond the Middle East into the South Asian sphere, granting Ankara a role akin to a security and military architect in one of the world's most volatile regions.

Expanding Turkish-Indonesian Cooperation

The Turkish-Indonesian High-Level Strategic Cooperation Council held its first meeting in February 2025, coinciding with Erdogan's visit to Indonesia. During the visit, the two sides signed 13 cooperation agreements in defense and military industries, including an agreement to establish a joint factory in Indonesia to produce Turkish drones — starting with the manufacture of 60 Bayraktar drones and nine Akıncı aircraft. They also agreed to raise bilateral trade to \$10 billion annually by 2026 and to launch the Turkish-Indonesian Infrastructure Forum to explore joint investment opportunities in development projects.⁽⁴⁹⁾

In return, Indonesian President Prabowo Subianto visited Ankara in April

2025, delivering a speech before the Turkish Parliament — becoming the third Indonesian president to do so — signaling a new phase of strategic rapprochement at a time when bilateral relations are gaining momentum in defense, economics and politics.

The trajectory toward a strategic partnership between Ankara and Jakarta is tied to geo-economic shifts from energy to rare or critical minerals, which have become central to global economic competition. Indonesia holds around 38% of global nickel reserves,⁽⁵⁰⁾ a key input in advanced technological industries. Türkiye seeks to strengthen ties with Jakarta to secure part of its nickel needs for its technological industries, while simultaneously consolidating its presence in Southeast Asia through Indonesia and gaining broader international support in issues related to the Islamic world by deepening its alliance with the world's most populous Muslim-majority country. Growing military cooperation with Indonesia also opens a wide window for Ankara into Southeast Asian markets and grants Türkiye a presence in the Indo-Pacific — one of the main arenas of US-Sino competition — enhancing Türkiye's value as a balancing power in strategically important regions.

Zangezur and Türkiye's Position in the South Caucasus

The agreement to implement the Zangezur Corridor — rebranded internationally in 2025 under the name the TRIPP — represents a strategic gain for Ankara. The corridor reconnects Türkiye with Central Asia by land and lays the foundation for an independent Turkish trade-and-energy route that bypasses both Iran and Russia. This transforms Türkiye into a primary land hub for the Turkic-speaking states and grants it direct influence over the routes linking Central Asia to global markets. Reducing Iran's role in this equation constitutes a major shift in the Eurasian balance of power, while enabling Türkiye to shape a new transportation architecture that strengthens its long-term economic and strategic influence.

The Presidential Visit to Azerbaijan

Mutual visits between Turkish and Azerbaijani leadership in 2025 deepened the shift toward near-complete strategic integration, culminating in the unification of air-command systems and the expansion of joint defense projects. Turkish companies became the primary actors in the reconstruction of Karabakh, reinforcing Baku's reliance on Turkish logistical and engineering capabilities. The

alliance has evolved into the formula of “one nation-one army,” making Azerbaijan a practical extension of Türkiye's strategic depth and providing Ankara with an advanced sphere of influence on the borders of Russia and Iran. This trajectory strengthens Türkiye's vision of leading Turkish-speaking countries and securing a strategic corridor stretching from Anatolia to the Caspian Sea, reshaping Eurasian power dynamics in its favor.

Conclusion: The Future of Türkiye's Expansive Geopolitical Positioning

The preceding analysis reveals a major transformation in Türkiye's strategy during 2025 — both in substance, tools and outcomes. Turkish strategy is no longer centered solely on border security; it has shifted toward enhancing Türkiye's presence and status, both regionally and internationally. In line with a national security vision aimed at reshaping the maps of power, influence and deterrence in the Middle East, this shift includes building a wide network of alliances across Central, South and East Asia toward the Indo-Pacific through extensive military and defense partnerships with influential Muslim countries such as Saudi Arabia, Egypt, Pakistan and Indonesia. Through this, Ankara seeks to form an influential Is-

lamic axis within both the regional and international systems, granting Türkiye broad maneuvering space and strategic leverage that strengthens its effective presence on both stages.

Türkiye has relied on diverse, non-traditional tools, most prominently, defense collaboration through joint ventures and technology transfer and the expansion of economic and political partnerships across multiple geographical regions.

In 2025, Türkiye positioned itself as an influential, effective and winning actor at the heart of regional and international developments. It succeeded in exerting strategic pressure on Kurdish actors at home and abroad, neutralizing a historic threat that had troubled Turkish decision-makers for decades — culminating in Öcalan’s historic announcement regarding the dissolution of the PKK, followed by the acceptance of Syrian Kurds to integrate into the Syrian National Army. Türkiye also secured advanced strategic influence in the Syrian arena — more significantly — and in the Lebanese arena to a lesser extent. Alongside key Arab and Gulf states, Ankara played a major role in pressuring Israel and undermining its geopolitical plans in the Middle East. It has continued to strengthen its economic, defense

and political alliances with influential Arab and Muslim countries, granting the country a broad gateway to expand its soft power in the Arab and Islamic worlds, while enhancing its prospects in global economic corridors and in the emerging international architecture of energy and critical minerals trade.

The outcomes of its pursued strategy also reveal Türkiye’s recognition of a regional vacuum and a favorable moment to implement an active and influential foreign policy across multiple regions, amid shifting global power balances among major poles. Many theorists now argue that the world is moving away from the absolute dominance of a single global power. Meanwhile, Middle Eastern power dynamics have shifted with Iran emerging weakened from its confrontation with Israel, alongside the rise of Israeli geopolitical assertiveness and the growing role of Gulf actors as influential partners not only regionally but internationally. These dynamics enable Türkiye to strengthen its regional and international presence through its pursuit of a strong Arab-Islamic axis comprising Türkiye, Saudi Arabia, Egypt, Pakistan and Indonesia. The aforesaid reflects a transformation in Turkish strategic thinking — from the concept of “zero problems” to “strategic autonomy” and

the “Blue Homeland,” built on selective confrontation, flexible alliances, the restoration of historical commercial influence and turning surrounding seas into arenas of sovereignty.

Looking ahead to the next five years, Türkiye’s geopolitical posture is expected to enter a more consolidated phase — one that transforms the expansion of power into functional centrality within both the regional and international systems. With the activation of energy corridors in northern Syria and the advancement of the Zangezur project, Türkiye will no longer be merely a transit state; it will become a control node for energy and trade flows between Asia and Europe. This transformation will grant Ankara significant bargaining power with Europe and the United States on energy and security issues, linking the stability of these corridors to Turkish decision-making. Türkiye will work to entrench these corridors as securitized geopolitical realities backed by economic interest networks, reducing the likelihood of bypassing or replacing them.

Türkiye’s role is also expected to enter a qualitative phase of strategic flexibility as it makes decisive progress toward defense autonomy. The KAAN fighter jet entering initial production, along with the expansion of Turkish defense ex-

ports to Arab, Gulf and Southeast Asian states, will grant Ankara unprecedented political decision-making freedom. It will diminish the effectiveness of traditional Western pressure tools tied to arms export restrictions, while deepening selective autonomy that allows Türkiye to take firm positions in its regional environment without severing ties with NATO or the West. Western pressure will remain possible but less impactful than in previous phases, given the diversification of defense markets and the transformation of Turkish weaponry into an instrument of influence in its own right rather than merely of commercial value.

Türkiye's most sensitive challenge will likely lie in managing its escalating competition with Israel — and its potential competition with Iran — amid the expansion of Turkish influence in Syria, the Caucasus and the Eastern Mediterranean. Israel views Türkiye's growing role as an obstacle to imposing unilateral geopolitical and security arrangements in Gaza, the Mediterranean and the broader Middle East. Iran, meanwhile, sees Türkiye's posture as a direct threat to its land corridors and traditional spheres of influence. Türkiye is therefore likely to pursue managed friction, relying on indirect deterrence tools and economic and diplomatic pressure while avoiding

open confrontations that could erode its gains. This trajectory is reinforced by the Arab umbrella — particularly from the Gulf and Egypt — which grants Türkiye regional opportunities and transforms competition from a purely Turkish struggle into a broader balance of power equation.

In sum, the coming years will witness Türkiye's transition from rapid ascension to stable and considered progress — where geography is not expanded but fortified, and where new fronts are not opened but existing ones are managed with greater efficiency. Türkiye's rise will neither depend on adventurism nor diminish under pressure; instead, it will consolidate as a mature regional power capable of shaping balances, influencing energy and security pathways and converting its military and technological superiority into long-term political influence within an international system marked by volatility and transformation.

Africa Between Aspirations for Status and the Persistence of Internal Struggles

Projections in the 2024 ASR suggested that some African countries would experience modest positive transformations, both domestically and externally, in their efforts to build status, while

others would continue to grapple with enduring conflicts and structural crises within their political systems. These challenges stem from chronic instability, the outsized role of military institutions and non-state actors, the entrenchment of corruption and poor resource management — factors that perpetuate protests, coups and secessionist demands. At the same time, as forecasted, international competition over the continent has continued to intensify, driven by Africa's growing importance as a geo-economic hub for minerals and energy.

These developments gained further momentum in 2025, exceeding earlier expectations, as illustrated by the shift of some African states from dependency to greater autonomy. These states emerged as assertive negotiating actors with an increasing ability to leverage international competition to enhance their standing. This shift has been facilitated by the preoccupation of several influential external powers active in Africa with other international crises that threaten their own global status and influence. Meanwhile, conflicts persisted in parts of the continent. These developments are examined through five main axes: first, Africa as a hub of summit and conference diplomacy; second, the emergence of a new African discourse

that is critical of the West and aspires to international ascent; third, the upgrading and development of resource infrastructure to connect Africa more effectively to global supply chains; fourth, the persistence of coups and the evolving Sudanese conflict; and fifth, the inauguration of the GERD and the intensifying disputes with downstream states. Finally, the conclusion reviews the outcomes of these trends and the likely trajectories of developments in Africa during 2026.

Africa as a Hub of Summit and Global Conference Diplomacy

By 2025, Africa was no longer merely a passive arena for external schemes and initiatives, as had often been the case. Instead, it became — albeit to a varying degree — an active player seeking to recalibrate its international position. This has been pursued through a strategic approach toward international competition, transforming it into a negotiating lever to enhance Africa's collective standing. As a result, African summits have evolved from largely symbolic occasions into more executive platforms, pressing partners for financing packages tied to technology transfer and increased local content in project implementation. This approach forms part of a strategy of “balanced maneuvering,” aimed at

revising financing terms, reducing the risks of dependency and establishing a unified negotiating mechanism capable of safeguarding African interests, as follows:

Africa as an Active Actor Reshaping the Rules of International Engagement

A close reading of the outcomes of major summits convened around African issues — such as the G20 Summit in Johannesburg, the Global African Business Initiative (GABI) event in New York, the Tokyo International Conference on African Development (TICAD) in Yokohama and the Forum on China-Africa Cooperation (FOCAC) in Hunan — reveals a highly significant conclusion: Africa is entering a new phase in which it is reordering its position within the international system. This shift is not driven by rhetorical demands, but by the institutionalization of a new negotiating capacity that uses summits as platforms to reshape the rules governing international engagement with the continent.

Therefore, such meetings are no longer symbolic occasions or joint communiqués that are broadcast and quickly forgotten. Instead, they have become arenas in which pre-negotiated contractual packages are formulated, incorporating explicit conditions related to technology

transfer, local manufacturing, increased local content requirements and the subjection of international financing to strict monitoring frameworks that bind partners before granting them access to African markets.⁽⁵¹⁾

One instance is the G20 Summit in Johannesburg. The pattern of political representation at the event exposed the fragility of international consensus. A significant number of major powers were represented at a lower level — by ministers or delegates rather than heads of state — including China, Russia, Nigeria, Argentina and Mexico, while the United States was entirely absent. Although the United States' absence weakened the traditional dynamics of debate in which Washington had long served as a central pillar, it simultaneously created a negotiating vacuum that reshaped power balances. This allowed Global South countries to focus on priorities long constrained by US reservations, particularly in the areas of debt relief, climate policy and development finance.

African leaders were also able to transform the summit into a practical test of the continent's capacity to redirect global debate toward reforming multilateral development banks, activating innovative financing instruments and anchoring the principle of climate justice as an

integral component of economic stability rather than a marginal environmental clause sidelined in negotiating rooms. The summit reflected the rise of Global South diplomacy and its growing capacity for collective influence, reinforcing Africa's position as an actor seeking to redefine the rules of international engagement within a global context increasingly shaped by multipolarity.

Discussions at both the GABI summit in New York and the TICAD in Yokohama centered on the imperative of building integrated industrial value chains and linking them to infrastructure capable of supporting industrial expansion — from energy systems to transport and port networks, including the Lobito Corridor and prospective cross-continental power transmission lines (see Map 2.5).

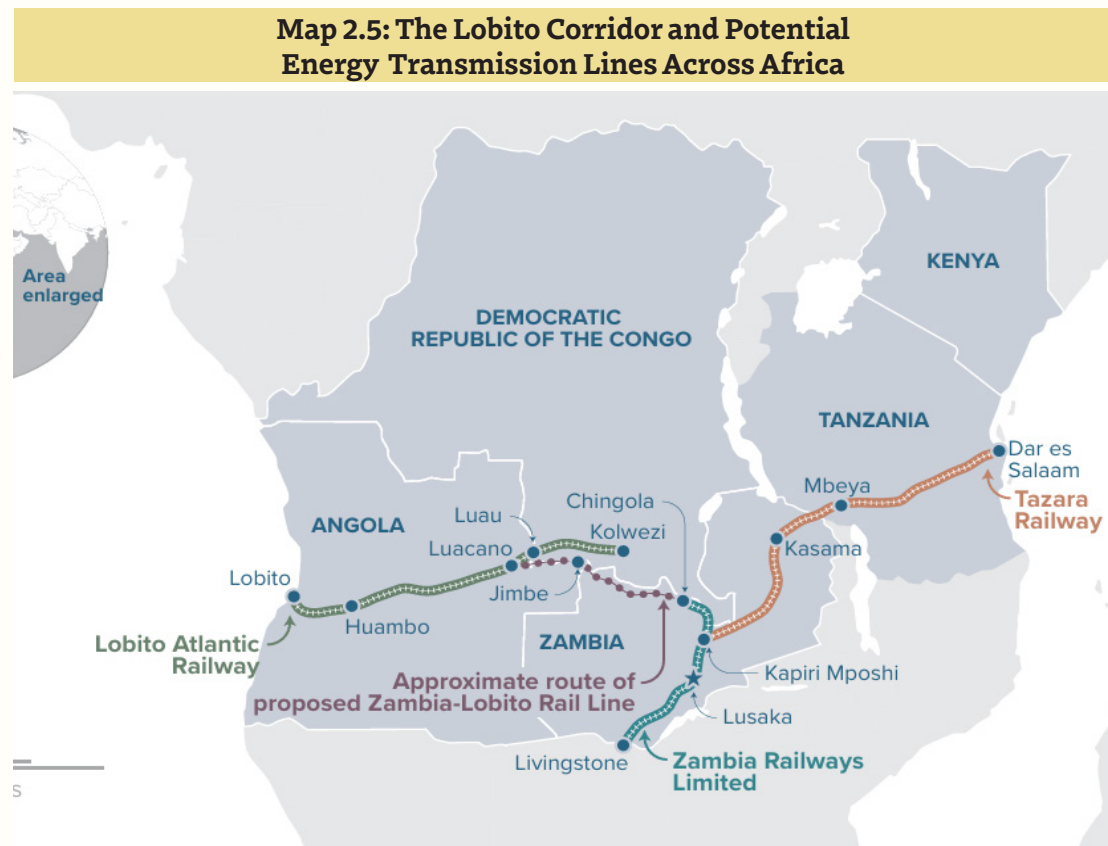
These forums also featured signals from participating leaders that reflected a rising African orientation based on the engineering of competition among major powers rather than alignment within rigid geopolitical blocs. Africa has begun to recalibrate its relationships with partners according to clear criteria: who offers transferable technology? Who commits to manufacturing within Africa? Who accepts settlement in local currencies? And who is capable of link-

ing finance to production rather than to debt accumulation?

The GABI summit featured financial announcements and initiatives under the GABI 2025 framework (see Table 2.1), marking a shift in Africa's presence within the global economy. These initiatives repositioned the continent not as a mere supplier of raw materials, but as an

actor capable of reshaping international value chains in renewable energy, digital transformation and industries linked to critical minerals.

The choice of New York — the global financial center — conferred additional weight on the initiative, positioning it as a platform linking US financial markets with African productive sectors at a mo-



Source: US Department of State (INR), 2841, November 2023, Map adapted from artwork by Rainer Lesniewski/Shutterstock, in *Critical Minerals in Africa: Strengthening Security, Supporting Development, and Reducing Conflict amid Geopolitical Competition*, Senior Study Group Final Report (United States Institute of Peace, April 2024), accessed January 8, 2026, <https://bit.ly/4oZ91Ilg>.

ment of accelerating global supply chain reconfiguration. At the same time, Africa is seeking a new strategic position within the international economic system.⁽⁵²⁾ The summit signaled the continent's transition from an aid recipient to an international investment actor and the beginning of a phase of deepened economic interdependence between Africa and the United States within an intensifying global industrial competition.

Africa and the Reconfiguration of the Global Industrial Influence Map

The outcomes of the West Africa Manufacturing and Trade Summit in Lagos, the seventh African Union-European Union (AU-EU) Summit in Luanda, President Trump's meeting with West

African leaders, the renewed Forum on China-Africa Cooperation in Hunan and TICAD in Yokohama collectively reflect an African desire to reshape the global map of industrial influence by positioning the continent within the strategic equation of global industries linked to critical minerals. The struggle over minerals and industrial capabilities is no longer centered on extraction alone, but on determining the "location of value" within production chains.⁽⁵³⁾ West African states, meeting in Lagos, articulated a shift from basic raw material exportation toward becoming a hub for large-scale processing industries. For the first time, integrated industrial projects were proposed that link mining, manufactur-

ing and logistics within a framework that transcends political borders and regards the region as a single production unit.⁽⁵⁴⁾

Trump's meeting with West African leaders further demonstrated that Washington now views African minerals not merely through a commercial lens, but as a component of US economic security. Mineral-rich states have thus become part of a strategic equation that directly affects the future of advanced US industries, including defense, security and semiconductor manufacturing (see Table 2.2). The selection of West African countries reflected a logic grounded in mineral wealth and geostrategic location rather than purely diplomatic considerations. Gabon holds approxi-

Table 2.1: Financial Announcements and Initiatives at GABI 2025

Initiative	Value	Key partners	Objective	Expected Impact
AI Factories	million \$720	Cassava Technologies, Nvidia	Build computing and AI infrastructure across five African countries	Strengthen digital sovereignty, localize data, empower domestic innovation
Africa Savings for Growth	trillion (ap- \$1.17 (.prox	AFC, African Pension Funds, CDG Group	Mobilize local institutional assets for infrastructure investment	Reduce financing costs, enhance financial self-reliance, develop infrastructure
Ocean Investment	trillion (ap- \$1.8 (.prox	Lloyd's Register Foundation	Support marine resource sustainability and food security	Promote maritime safety, advance the blue economy
Food Systems	\$250,000	PepsiCo, GABI	Transform food systems and mobilize private agricultural sector	Enhance food security and agricultural supply chains

Layout and design: Rasanah IIIS, 2025.

Data source: "Unstoppable Africa 2025: Summary of Outcomes, Announcements & Forward Looking," *UN Global Compact*, November 3, 2025, accessed December 4, 2025, <https://bit.ly/4pDOeLq>

mately a quarter of global manganese reserves; Liberia offers a combination of lithium, cobalt, iron ore and gold; Senegal and Mauritania are key centers for phosphate and strategic minerals; and Guinea-Bissau represents an emerging hub for offshore energy and marine mineral resources. This selection under-

scores Washington’s intention to secure direct access to critical minerals through long-term partnerships that support US industries amid China’s rise and Russia’s expanding footprint in the Sahel. Accordingly, the summit constituted an attempt to reposition the United States in West Africa through a blend of economic

influence and a new trajectory of bilateral agreements centered on minerals and energy. This reflects a broader shift in US policy — from an aid-based model to one of strategic partnerships within the context of intensifying great-power competition.

Table 2.2: US Dependence on Imports of Selected Africa-Sourced Rare Minerals Used in Defense Applications (%)

China’s share of Global Production	Primary Producing Country (China)	Mineral Deposits in Africa	Defense application	Mineral	US Import Dependence
		Morocco	Semiconductors, lumber	Arsenic (all forms)	100%
		Namibia, Zimbabwe	Research, development	Caesium	100%
65%	●	South Africa	Manufacture of aluminium, cement, steel and gasoline	Fluorspar	100%
77%	●	Madagascar, Tanzania, Mozambique	lubricants, batteries	Graphite (natural)	100%
		Côte d’Ivoire, Gabon, Ghana, South Africa	Steelmaking, batteries	Manganese	100%
		Rwanda, DRC, Mozambique	Steel, superalloys	Niobium (Columbium)	100%
		Namibia	Research, development in electronics	Rubidium	100%
n/a	●	Guinea, Madagascar, South Africa	Alloys, ceramics, fuel cells	Scandium	100%
		Burundi, DRC, Ethiopia, Mozambique, Rwanda, Zimbabwe	Electronic components, superalloys	Tantalum	100%
67%	●	Kenya	White pigments, metallic alloys	Titanium (sponge metal)	>95%
		South Africa, Zimbabwe	Catalytic converters	Platinum	83%

Source: United States Geological Survey (USGS), Mineral Commodity Summaries 2024 (Reston, VA: USGS, 2024), 7 (figure 2), 23 (table 5), <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024.pdf>; and Cliff D. Taylor et al., Geology and Nonfuel Mineral Deposits of Africa and the Middle East (Reston, VA: USGS, 2009), in *Critical Minerals in Africa*.

By contrast, China presented in Huanan a more advanced vision that goes beyond merely securing raw materials,⁽⁵⁵⁾ instead seeking to redistribute value through the establishment of manufacturing units, the provision of full customs exemptions, the operation of green corridors linking African production to the Chinese market and the relocation of segments of heavy manufacturing to African territory. Japan, through TICAD, pushed toward integrating the continent into Asia's advanced manufacturing networks, while emphasizing the role of high-quality infrastructure as the foundation for attracting industrial investment. Europe, for its part, concluded at the Luanda forum that the only viable path to restoring its position in Africa lies in supporting African local industry, in order to prevent the African Continental Free Trade Area (AfCFTA) from becoming an open market operating to Europe's disadvantage and to the benefit of other influential powers active on the continent. Accordingly, the contest over minerals in 2025 was not merely a struggle over resources, but rather a reengineering of value chains themselves. For the first time, the continent began to exercise the capacity to impose local manufacturing requirements, define mini-

mum domestic value-added thresholds and incorporate periodic contract reviews. This shift indicates that Africa is gradually emerging as an ascending industrial actor capable of controlling the choke points that will determine the trajectory of industrial transformation over the coming decade.

Security and Digital Governance: The Mainstay of Africa's New Development Model

During 2025, African states increasingly recognized that economic independence is contingent upon a security and digital architecture capable of safeguarding investments and global supply chains. The outcomes of the second Lomé Peace Forum, the Russia-Africa Partnership Forum in Cairo and the security deliberations of the G20 and the GABI summit constituted key foundations for articulating a new concept of security — one aimed at protecting resources, critical minerals and Africa's emerging development pathways through digital governance. At Lomé, security emerged as an integral component of the industrial value equation, as the targeting of a single port or supply route is sufficient to paralyze vital manufacturing facilities. Moscow advanced a security-food-energy model, while

Washington, Brussels, Beijing and Tokyo linked industrial expansion to the quality of digital governance frameworks. In this context, a new African security doctrine is taking shape — one that positions both physical and digital security as prerequisites for sustainable industrial development.

Overall, Africa is going through a transitional phase in which it is becoming an effective architect of a diplomacy managed from within the continent. This is being pursued through summits that integrate industry, critical minerals, renewable energy and digital transformation within a single framework, alongside the rising role of capitals such as Lagos, Nairobi and Johannesburg as hubs for building African-global value chains. Concurrently, a shift is occurring in African perceptions of the continent's value and of its rare minerals within global industries and supply chains, as African states increasingly seek to leverage this importance to advance continental interests and enhance global standing. As competition among the United States, China, Europe, Russia, India and Japan intensifies across diplomatic, economic and security domains in Africa, the continent's states are striving to harness this competition to their advantage,

transforming summit diplomacy into a negotiating leverage through which Africa defines the terms of international engagement.

A New African Discourse — Critical of the West and Aspiring to International Ascent

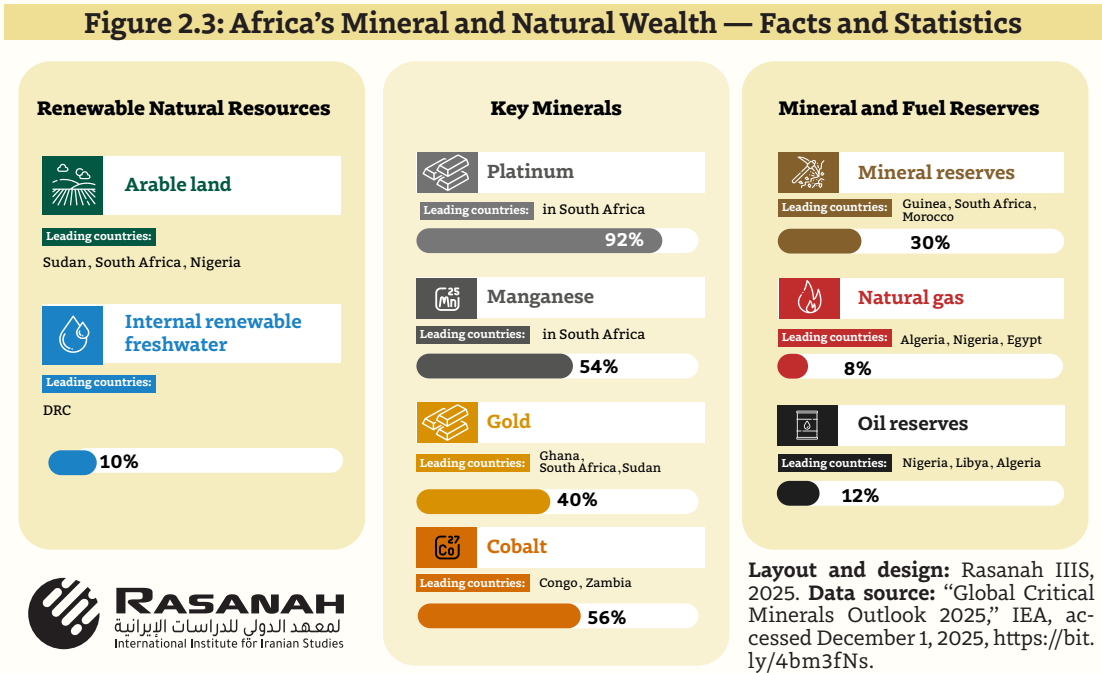
In 2025, Africa adopted a new doctrine, moving beyond the logic of political liberation toward a deeper project centered on the restoration of economic sovereignty as the foundation of power and international positioning. African leaders no longer view aid as the cornerstone of development; instead, they have crafted a framework that links stringent control over resources with the localization of manufacturing as a prerequisite for generating wealth within the continent rather than exporting value abroad. This shift has altered the nature of negotiations with major powers, as Africa has reduced dependency, and moved toward greater agency in imposing conditions in the domains of critical minerals, energy and global value chains. Through this discourse, Africa seeks to redefine its relationship with the world on the basis of mutual interests rather than structural dependency. The key elements of this new African discourse include:

Linking Africa’s Minerals and Resources to the Future of the Global Economy

African mineral wealth (see Figure 2.3) is no longer treated as a set of commodities traded in global markets, but has been transformed into geo-economic assets that will shape the future of advanced technologies, clean energy and defense industries. African leaders have recognized this shift and have sought to convert resources into a negotiating tool that reframes relations with major powers on the basis of minerals in exchange for sovereignty and industrialization. Africa holds decisive shares of cobalt, manganese, platinum and

lithium, positioning the continent as a central actor in global value chains and compelling international partners to engage from a position of parity rather than tutelage.⁽⁵⁶⁾ Several African states have moved from acting as repositories of raw materials to imposing local processing as a condition for resource access, as demonstrated by Zimbabwe, Namibia and Nigeria through bans on the export of unprocessed lithium. These measures have forced global companies to localize refineries and industrial complexes within the continent.

African leaders have adopted a confrontational discourse toward the West,



which they accuse of exploiting the continent's wealth and resources for decades, declaring that the era of acquiescence has come to an end. This discourse has been spearheaded by the Sahel states alliance through an ideology of “second liberation” embodied in the hardline positions of Ibrahim Traoré against Western influence and in efforts to revive the legacy of Thomas Sankara — centered on support for oppressed peoples and liberation causes.

This orientation has translated into concrete political and institutional steps, including withdrawal from ECOWAS and the establishment of the Sahel Confederation. Mali has undertaken measures to revise mining frameworks in ways that curtail the privileges of Western companies, while Niger has ended France's monopoly over uranium by diversifying its strategic partnerships. In contrast to this revolutionary trajectory, a more institutional and sovereignty-based approach has emerged, led by South Africa and Senegal. This approach is grounded in diplomatic parity and seeks to renegotiate energy and mining contracts without severing channels of cooperation. Together, these two pathways are shaping a new political landscape across the continent, united by a shared objective: the restoration of effective control over Af-

rica's resources and its strategic destiny (see Figure 2.4).





Trump's meeting at the White House with five African leaders in July 2025 revealed an African negotiating pragmatism rooted in leaders' awareness of the strategic weight of critical resources in the global power balance. Trump, who reshaped US policy around deal-making, emphasized that Africa possesses substantial and valuable wealth. However, African leaders did not engage Trump as supplicants seeking support; they approached him as stakeholders controlling minerals vital to advanced US industries.⁽⁵⁷⁾ Gabonese President Brice Ntoumi, for example, linked manganese reserves to US commitments on local manufacturing, while Maurita-

nia and Liberia leveraged their mineral wealth and Atlantic positions to secure more balanced partnerships. This approach deepened the resources-for-security model, as illustrated by the DRC's agreement with Washington, reflecting a structural shift in which minerals became instruments of sovereignty rather than mere commodities.

International Shifts and the Significance of African Minerals in Addressing Global Economic Crises

By the mid-2020s, it became evident that the global economy is undergoing a structural transformation, moving the center of gravity from traditional energy security to critical mineral security — minerals that now underpin the Fourth

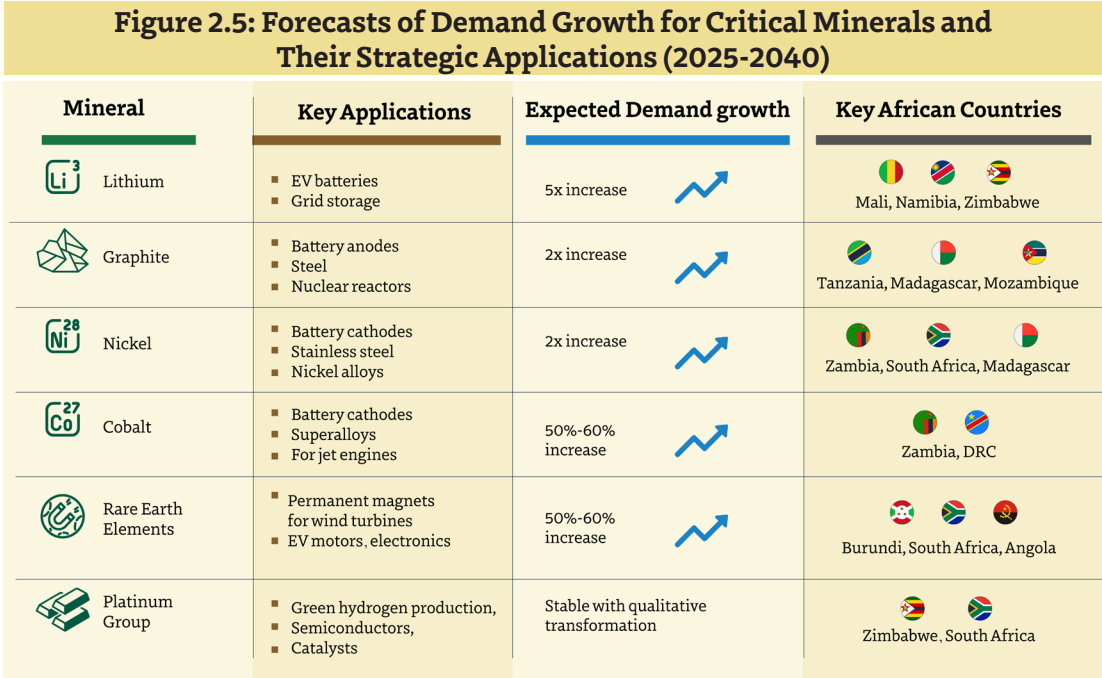
Figure 2.4: Resource Governance Policies in African Countries

Country	Strategic Mineral	Policy Approach	Economic and Geopolitical Impact
 Zimbabwe	Lithium	Ban on raw ore exports, mandatory local processing	Heavy Chinese investment in refineries, short-term revenue volatility
 Namibia	Lithium, rare earths	Ban on exports of unprocessed ores	Attraction of investment to build primary processing capacity
 DRC	Cobalt	Export quota system	Increase in global prices, creation of artificial market shortages
 Niger	Uranium	Nationalization of mines, revocation of licenses	Disruption of the nuclear fuel market

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Industrial Revolution, the digital economy and the energy transition. In this context, Africa has moved from being a peripheral supplier to a central geopolitical arena for securing stable global supply chains. Advanced industries — from electric vehicles to AI and from defense technologies to military applications — depend on steady flows of cobalt, lithium, nickel and manganese. Estimates suggest that by 2050, demand for nickel will double, cobalt will triple and lithium will increase 10-fold (see Figure 2.5), re-drawing the geo-economic power map and prompting major powers to openly compete for the continent’s resources.⁽⁵⁸⁾ Accordingly, the United States has intensified its engagement in African minerals through initiatives such as the Minerals Security Partnership and models like the US-Congo partnership, which links supply chains to regional security and sustainable development. China has expanded refining operations within the continent, while Russia employs a mix of security influence and diplomatic facilitation to access gold and uranium. In this way, Africa has become an indispensable hub for sustaining critical industries and reshaping global power balances.

The Rising Resonance of African Justice and Reparations for the Colonial Period



Design and layout: Rasanah IIIS, 2025.
Data source: “Global Critical Minerals Outlook 2025.”

The issue of reparations for colonialism acquired tangible political and economic momentum in 2025. The AU’s adoption of the cause of “justice for Africans and people of African descent through reparations” marked a fundamental shift, moving the reparations file from the margins of historical ethics to a political and legal project that is reshaping Africa’s international relations. The colonial legacy has increasingly been framed as a basis for accountability, placing responsibility on Western powers for the struc-

tural distortions that have constrained African development.

Reparations have thus evolved into a sovereign instrument for building industrial and financial capacities and strengthening Africa’s negotiating leverage. This has been accompanied by the strategic use of international litigation and diplomatic pressure to link the reparations agenda to critical minerals, energy and food security — signaling the emergence of an Africa capable of redefining the terms and meaning of global justice.⁽⁵⁹⁾

In parallel, the UN has moved toward redefining international justice through the adoption of a restorative justice framework, shifting colonial issues from symbolic recognition to a structural mechanism for addressing entrenched development imbalances. This transformation reflects a growing awareness that the stability of the international system is no longer viable while the legacy of colonialism remains unresolved, and that addressing the past must be directly tied to reshaping the rules of the global economic and political order. Restorative justice has repurposed history as a tool of international negotiation, making acknowledgment of harm and its redress a prerequisite for fair international relations. As a result, colonialism and slavery have moved to the core of global human rights and institutional debates. Statements by UN Secretary General António Guterres — emphasizing the need to recognize historical injustices and address them through comprehensive reparative frameworks — underscore a UN orientation that links international legitimacy to the reform of global governance structures.

While the UN remains constrained by major power politics, the convergence between UN normative momentum and African political mobilization has signifi-

cantly strengthened African anti-Western discourse demanding reparations for the colonial era. The UN has provided the legal framework, while the AU has supplied negotiating capacity. Accordingly, 2025 emerged as a turning point in which historical justice is integrated with global economic reform, affirming that state power today is measured by the ability to rewrite the rules of the future, not merely by the legacy of the past.

Preparing Resource Infrastructure for Integration Into Global Supply Chains

In 2025, infrastructure development in Africa emerged as a central geo-economic lever in the great power competition to reengineer global supply chains, as well as a strategic African necessity for strengthening its position within the world economy. Consequently, Africa witnessed an accelerated push to prepare resource-related infrastructure during 2025, as follows:

Mega Pipeline Supplies

Mega pipeline projects have become pivotal tools in reshaping gas flows between producing countries — particularly African states — and international markets. Key projects include:

■ **The Trans-Saharan Gas Pipeline (TSGP):** This project represents a critical component of Africa's energy equa-

tion, linking the vast reserves of the Niger Delta to European markets via Nigeria, Niger and Algeria, with a capacity of 30 billion cubic meters annually and a length exceeding 4,100 kilometers, at an estimated cost of around \$13 billion.⁽⁶⁰⁾ Despite its importance for enhancing energy security and increasing value-added for the three states, the project entered a phase of uncertainty following Niger's withdrawal from ECOWAS and the formation of the Alliance of Sahel States (AES). That being said and despite the security challenges along the pipeline's route and competition from more stable alternatives such as the Nigeria-Morocco project, 2025 witnessed renewed logistical efforts to accelerate its implementation.

■ **The Nigeria-Morocco Gas Pipeline (NMGP):** This project is among Africa's most ambitious energy initiatives, extending between 5,600 kilometers and 6,000 kilometers across 13 countries toward Europe, reshaping the economic geography of West Africa. Institutional progress was achieved through the establishment of a project company and a balanced financial partnership of \$12.5 billion from both Nigeria and Morocco, alongside the commencement of land acquisition, topographical surveys and

seabed studies.⁽⁶¹⁾ Geopolitically, the pipeline has become a cornerstone for constructing a new Atlantic space linking approximately 400 million people, with planned branch routes toward Niger, Mali and Burkina Faso to reduce isolation and integrate them into the emerging regional economy.⁽⁶²⁾

■ **The East African Crude Oil Pipeline (EACOP):** This project marked a watershed moment in connecting African oil to global markets. Stretching 1,443 kilometers from Lake Albert in Uganda to the port of Tanga in Tanzania, it utilizes continuous electric heating to maintain the flow of waxy crude. By the third quarter of 2025, project completion had reached 72%, reinforcing the roles of Uganda and Tanzania in regional energy security.⁽⁶³⁾

Strategic Trade Corridors

Africa is undergoing a fundamental transformation in its approach to trade corridors, as states invest in international roads, corridors and ports to promote regional economic integration, link inland markets directly to ports, enhance intra-African trade and reduce transport costs. Key corridors upgraded during 2025 include:

■ **The Abidjan-Lagos Corridor:** This corridor constitutes the most important economic artery in West Africa, con-

necting the economic capitals of five countries — Côte d'Ivoire, Ghana, Togo, Benin and Nigeria — along a fast-growing axis that accounts for approximately 75% of regional trade and serves around 175 million people. The project aims to develop the corridor into a dual carriage-way with six lanes over 1,028 kilometers, with engineering designs completed in 2025, construction scheduled to begin in 2026 and operations expected by 2030. The corridor adopts a spatial development approach, transforming it into an economic platform through logistics, renewable energy, manufacturing and agricultural projects, with financing of \$15.6 billion. However, overcoming customs and border complexities remains essential to maximizing its regional integration role.⁽⁶⁴⁾

■ **The Praia/Dakar-Abidjan Corridor:** This corridor represents a vital logistics axis in West Africa, integrating maritime, air and land transport to link Cabo Verde with Senegal and southwards through The Gambia, Guinea-Bissau, Guinea, Sierra Leone and Liberia, reaching Côte d'Ivoire where it connects with the Abidjan-Lagos Corridor. Maritime development includes a regular shipping line between Praia and Dakar and expanded port capacities to accommodate large vessels, while the coastal road

extends over 3,000 kilometers to serve Mano River Union states. The corridor provides a secure alternative away from Sahel instability following Mali, Burkina Faso and Niger's withdrawal from ECOWAS, enhancing trade resilience and positioning it as a logistics integration platform in West Africa.

■ **The Green Kivu-Kinshasa Corridor:** This corridor constitutes an advanced strategic project for sustainable development in the DRC, linking the resource-rich eastern provinces to Kinshasa and the Atlantic Ocean across an area exceeding 500,000 kilometers.² It relies on a multimodal transport network encompassing roads, railways and river navigation and aims to connect with other corridors to support African connectivity within a continental strategy designed to integrate regional corridors into international trade and global supply chains.

Emerging Industrial Hubs in West Africa

West Africa has undergone a significant shift in its economic vision, with the transition from raw material exports to local manufacturing becoming a central pillar of regional strategy. This vision is grounded in building an integrated industrial and logistics base aimed at transforming regional states from raw

material suppliers into value-added producers. Nigeria's Lekki Free Zone exemplifies this shift through the integration of a deep-sea port, refinery and power facilities. Côte d'Ivoire has adopted policies to expand local processing of cashew and cocoa, while Ghana has led automotive manufacturing through tax incentives and support for local assembly. Collectively, these initiatives position local manufacturing as a key driver of economic sovereignty and enhanced regional influence.

The Persistence of Coups and Shifts in the Sudanese Conflict

In 2025, Africa entered a new phase of coups d'état, reflecting the continued failure of governing systems to address complex security, economic and political challenges. In Madagascar (October 2025), service delivery crises triggered a popular uprising led by "Gen Z Madagascar," culminating in the defection of an elite military unit and the overthrow of President Rajoelina. In Guinea-Bissau (November 2025), the country witnessed a renewed pattern of "ballot-box coups," as an electoral dispute created a constitutional vacuum that the military exploited to carry out a preemptive coup against President Embaló. In Benin (December 2025), an attempted coup il-

lustrated the spread of security fragility from the Sahel into countries previously regarded as relatively stable; the attempt ultimately failed due to direct regional intervention led by Nigeria.

Taken together, these three cases demonstrate that coups are no longer confined to the traditional Sahelian space but have emerged in markedly diverse political and economic environments, united by a single denominator: the erosion of the constitutional order, the weakening of the rule of law and the declining capacity of the state to manage crises. With the rise of new local actors — particularly among the youth — and the transformation of protest dynamics, the African continent appears to be entering a phase in which legitimacy and authority are being redefined, while stability itself becomes the exception amid intensifying geopolitical competition and accelerating internal erosion.

Simultaneously, 2025 marked a turning point in the trajectory of the Sudanese war. The conflict moved from the strategic stalemate that dominated 2024 to a phase of radical repositioning and the emergence of de facto geographical partition. The Sudanese Armed Forces (SAF) consolidated their control over central and eastern regions through systematic operations to recapture ci-

vilian and military centers of gravity, while the Rapid Support Forces (RSF) entrenched their dominance over Darfur following the fall of El Fasher and the declaration of a parallel administration in Nyala. This effectively reshaped the country into a dual sphere of influence between a "River-and-Red Sea Sudan" and a "Western Sudan."⁽⁶⁵⁾ Politically, the SAF established a wartime technocratic government in Port Sudan, while the RSF forged new alliances that enabled it to entrench its authority in the west, amid unprecedented diplomatic paralysis and the deepening of humanitarian and social crises across multiple provinces, as outlined below.

Battlefield Transformations: From City Sieges to Regional Warfare and the Army's Seizure of State Centers of Gravity

During 2025, the SAF achieved a qualitative shift in both doctrine and battlefield posture, moving from a strategy of mobile defense to a model of concentrated offensive operations aimed at reclaiming symbols of sovereignty. The Greater Khartoum battle epitomized this shift: through a strategy of central engagement, the SAF succeeded in isolating RSF pockets and severing their supply lines by seizing the Soba, Manshiya and Jebel

Aulia bridges, before recapturing the Republican Palace, the airport and General Headquarters.

In parallel, army operations expanded across the provinces reclaiming centers of gravity in Al Jazirah, Gedaref, Sennar, White Nile, Blue Nile and breaking the siege of El Obeid in North Kordofan. This consolidated the “triangle of stability” strategy, which established Port Sudan as the de facto administrative capital and the hub of economic control. The army also regained control over strategic resources, constraining the RSF’s ability to finance its operations, reasserting state centrality and weakening militia-based political narratives.

By contrast, the RSF rebuilt its power base through the consolidation of control over Darfur following the fall of El Fasher in November 2025, transforming the region into a strategic depth with extended supply lines toward Chad, the Central African Republic and Libya. These gains were accompanied by a broad escalation in Kordofan, including the use of drones to strike state economic and military infrastructure. With front lines stabilizing in Khartoum, the late-2025 landscape crystallized into a centralized state dominated by the SAF facing a vast western region under militia control — laying the groundwork for a

prolonged war between the state holding the center and a militia seeking to dominate geography.

The Political Crisis and Formation of a New Technocratic Government

The year 2025 was unprecedented in the reengineering of Sudanese power structures. The war produced two rival governmental systems competing simultaneously for legitimacy and sovereignty. Recognizing that military victory — however essential — was insufficient to reconstruct the state, the Sovereignty Council under General Abdel Fattah al-Burhan took a strategic decision to form a technocratic government as the civilian face of the state.

The appointment of Dr. Kamil Idris on May 31, 2025 paved the way for this trajectory. His diplomatic and UN background provided a degree of international credibility that enabled the government to assert itself as a central authority capable of engaging the international community and managing economic and service-related crises.⁽⁶⁶⁾ The “Government of Hope” became an instrument for state repositioning through a calibrated blend of technical expertise and leaders from armed struggle movements, ensuring loyalty in volatile regions. Key portfolios — such as media, minerals and livestock

— were reoriented to enhance economic performance and align state institutions with the exigencies of war. Diplomatically, the government adopted a firm stance rejecting any equivalence between the army and the militia, and conditioning any settlement on the RSF’s withdrawal from civilian facilities.

In contrast, the RSF moved to construct a parallel state from Nyala, anchored in a pivotal alliance with the Sudan People’s Liberation Movement-North led by Abdelaziz al-Hilu. This resulted in the emergence of a “Government of Peace and Unity” as a counter-authority tasked with securing control over territory and resources.

Containing the RSF Within a Narrow Geographical Space

As the SAF consolidated control over the central states, the RSF tightened its grip on the west, in a process that redrew the map of effective control. The fall of El Fasher represented the apex of this transformation but rapidly became a strategic liability. It geographically confined the militia to Darfur and severed its connection to the center. Moreover, widespread RSF atrocities in El Fasher — including scenes of ethnic cleansing and acts of genocide widely documented and condemned by international human

rights organizations — triggered mounting global outrage. Despite the RSF's ability to open corridors toward Libya and Chad, its gains remained confined to a space that precluded political expansion, turning control over El Fasher into a strategic trap.⁽⁶⁷⁾

As the conflict shifted toward Kordofan, the army capitalized on this geographic constraint through an encirclement strategy targeting the RSF's vital supply arteries. While the militia, in coordination with Hilu, launched simultaneous attacks in the Nuba Mountains and Dilling, the army focused on encircling El Obeid, Babanusa and Bara, and cutting the "Western Salvation Road," forcing the militia to rely on exposed routes that were easier to target. The conflict deepened with the militarization of identities: the RSF armed several tribal groups, including the Misseriya and Hawazma, while the Nuba split between the SAF and Hilu, transforming Kordofan into a complex conflict zone. The situation further escalated as fighting expanded into West and South Kordofan, alongside army coordination with neighboring states, the closure of borders with Chad and a strengthened alliance with Eritrea. These measures converted RSF gains into strategic losses and confined the militia within a narrow geographical

space that limited its ability to impose a new political reality.

Deepening Security and Social Repercussions in Sudan

In 2025, military developments transcended the battlefield to become a full-scale humanitarian crisis that devastated Sudan's social and economic fabric. The collapse reached its peak in November with the declaration of famine in El Fasher and Kadugli due to the RSF's total siege of these areas. More than 25 million people faced acute food insecurity, with hundreds of thousands at risk of immediate death amid the use of starvation as a weapon of war by the RSF. The collapse of water and sanitation networks led to outbreaks of cholera in several states. Widespread RSF violations also deepened demographic fragmentation, while displacement figures reached into the millions.

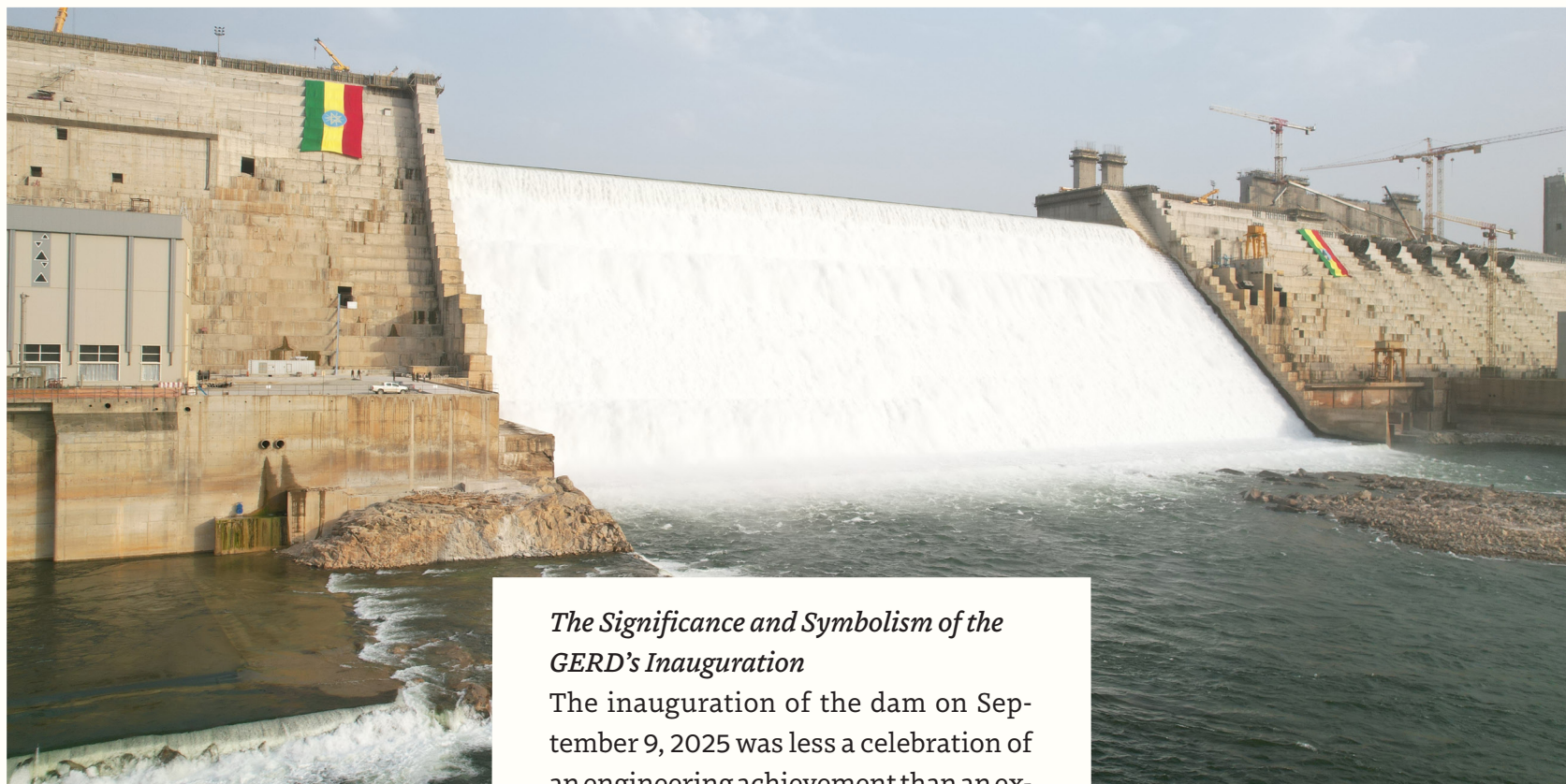
Diplomatic stagnation was partially disrupted following the response of the US president to a request by Saudi Crown Prince Mohammed bin Salman to end the conflict during his visit to Washington in November 2025. This intervention stirred the stagnant diplomatic track, particularly in light of conflicting positions within the quartet, which appears increasingly incapable of imposing con-

sensual solutions. By the end of 2025, Sudan found itself facing two systems: an army controlling the center and conditioning peace on the dismantling of the militia, and an RSF controlling the west and seeking to impose a de facto geographical partition.

Between these poles, Sudan awaits a US-led initiative to end the war. In this context, three potential trajectories emerge for the conflict in 2026: the entrenchment of geographical division akin to the Libyan model; a coercive settlement imposed by Washington and Riyadh; or the continuation and expansion of a war of attrition toward Kordofan and the White Nile and Blue Nile states.

The Inauguration of the GERD and the Escalation of Downstream Disputes

The year 2025 marked the most delicate turning point in the history of Nile water relations. Ethiopia's official announcement of the completion and inauguration of the GERD in September constituted a geostrategic event that fundamentally altered the rules governing water management among the Nile Basin states. This coincided with a severe hydrological crisis that struck Egypt and Sudan in October 2025, when Sudan floods — widely assessed by experts as a direct consequence of unilateral operation by Ethi-



The Significance and Symbolism of the GERD's Inauguration

The inauguration of the dam on September 9, 2025 was less a celebration of an engineering achievement than an expression of sovereignty and a symbolic moment of reclaimed Ethiopian national identity. Addis Ababa chose to hold the ceremony in the Benishangul-Gumuz region and timed it to coincide with the end of the rainy season and the beginning of the Ethiopian New Year, lending the event a foundational character that sought to redefine the image of the country.

Regional attendance — by Kenya, Somalia, Eswatini and the AU — carried a

clear message that the project represented a declaration of a “new Ethiopia” positioning itself as a hub of energy and influence in eastern Africa. In his speech, Prime Minister Abiy Ahmed described the dam as “the greatest achievement in the history of the Black race,” explicitly linking domestic financing to decision-making independence and implicitly asserting that unilateral operation was an irreversible reality.

opia — exposed the fragility of downstream water security in the absence of a shared data-exchange mechanism.

The gravity of the moment extended beyond a technical operation to encompass broader military and political dynamics in Somalia and the Horn of Africa, alongside a discernible shift in the positions of international powers, which increasingly viewed the Nile crisis as an entry point for redistributing regional influence.

Despite the political celebration of completion, technical data indicate that the dam has not yet entered full operational capacity. Only six of the 13 turbines were functioning, following a reduction in installed capacity to 5,150 megawatts. Satellite imagery showed limited turbine discharge, prompting operators to open the spillway gates to release excess water. These technical constraints, combined with the completion of the fifth filling phase — raising stored water to 74 billion cubic meters — generated significant engineering uncertainty regarding the dam's capacity to manage drought conditions in the absence of a binding agreement with downstream countries.

The October 2025 floods constituted a harsh stress test. Sudan and Egypt experienced a sudden surge that triggered widespread controversy. Cairo accused Addis Ababa of an uncoordinated release that pushed daily discharge levels to 1.1 billion cubic meters, while Ethiopia attributed the event to exceptionally heavy rainfall. Objective analysis, however, linked the crisis to water accumulation caused by turbine underperformance, followed by spillway opening to avoid breaching safe water levels. The resulting surge inundated large areas of Sudan and forced Egypt to open the Toshka Spillway, flooding agricultural land.

Thus, the dam shifted from a symbol of sovereignty for Ethiopia into a source of hydrological instability for Egypt, threatening the security and stability of downstream states.

The Diplomatic and Legal Trajectory of the Crisis

The diplomatic track proved less volatile than the operational and flood dynamics. In September 2025, Egypt brought the issue before the UN Security Council in an attempt to entrench a narrative of an “existential threat” arising from the GERD’s unilateral operation. In a sharply worded address on September 9, 2025, Egypt asserted that the dam was being operated outside any binding legal framework and that the 2015 Declaration of Principles was no longer capable of regulating Ethiopian conduct, warning that its strategic patience had reached its limit.

Ethiopia’s response the following day was equally forceful, rejecting the “politicization of development” and denouncing Egypt’s reliance on historical agreements as a continuation of “colonial mentality.” Addis Ababa further invoked the entry into force of the Nile Basin Cooperative Framework Agreement (CFA) in 2024 to assert the legitimacy of its unilateral management. Despite the intensity of the exchanges, the Securi-

ty Council debate concluded without a binding resolution, reiterating that water disputes fall outside its direct mandate.⁽⁶⁸⁾

With the legal avenue blocked, tensions shifted into the military domain in the Horn of Africa. In August 2025, Cairo and Mogadishu signed an unprecedented military cooperation protocol that opened the door to a substantial Egyptian deployment, potentially reaching 10,000 troops. This alliance was a direct response to Ethiopia’s agreement with Somaliland granting it maritime access and a military base — an arrangement Mogadishu viewed as a violation of its sovereignty. As a result, Egyptian and Ethiopian forces found themselves in direct proximity on Somali territory. Meanwhile, the conflict in Sudan reshaped Khartoum’s position within the Nile equation. The SAF moved from relative neutrality to full alignment with Cairo, particularly after the floods dismantled the domestic narrative of the dam’s “benefits.” Consequently, the water dispute evolved into a broader struggle over the regional balance of power — managed diplomatically in New York and militarily in Somalia — in a scene that portended escalation into other theaters in 2026.

The Positions of Major Powers

The year 2025 witnessed a pivotal shift in the stance of major powers, reshaping the geopolitical environment of the GERD crisis and narrowing the options available to Egypt and Sudan. In the United States, remarks by envoy Massad Boulos — stating that the dam “has become a reality” and that solutions should be technical rather than legal — marked a sharp turn that dashed Egyptian hopes of US pressure to compel Ethiopia into a binding agreement. This position granted Addis Ababa strategic cover and privileged risk-management approaches over structural resolution.

China, for its part, pursued a policy of active neutrality. While refraining from overt alignment, it leveraged its economic weight to prevent escalation that could threaten its investments and trade corridors in the Red Sea. Beijing thus favored the role of a silent mediator, safeguarding its interests without incurring political costs. As a result, the crisis came to be managed within an international environment less inclined toward decisive intervention and more focused on containing tensions — thereby entrenching the status quo and reshaping the balance of power in the Nile Basin.

By the end of 2025, the geopolitics of the Nile Basin had been profoundly re-

configured. Ethiopia had consolidated a “hydrological fait accompli” through unilateral dam operation, Egypt responded through strategic repositioning in Somalia east and west of Ethiopia, while Sudan remained constrained by its internal conflicts. Looking ahead to 2026, the crisis appears likely to follow one of three potential trajectories: first, technical institutionalization through a permanent data-sharing committee — a temporary solution that fails to address root causes. The second is regional escalation triggered by military friction between Egyptian and Ethiopian forces in Somalia. This is in light of Israel’s official recognition in late December 2025 of Somaliland as an independent and sovereign state — a development that bolsters Ethiopia’s drive to secure a strategic foothold in the Red Sea and runs counter to Egypt’s vital interests there, especially given Cairo’s perception of an Israeli-Ethiopian plan to strengthen their leverage and influence in the Red Sea in a way that shifts the waterway from the Arab sphere of control to Israeli dominance. The third trajectory is sustained water attrition resulting from continued unilateral operation, threatening downstream economies. The dam crisis thus emerged as a struggle over in-

fluence and regional reengineering rather than a mere dispute over water.

Conclusion and Outlook: Ambitions, Conflicts and External Influence in Africa

Based on the aforesaid, there is an unprecedented strategic shift in Africa’s position within the international system. The continent has moved from being a passive arena of intersecting great-power interests to an actor actively recalibrating the terms of global engagement by building collective bargaining capacity and leveraging international completion to maximize its gains. The rise of summit diplomacy — transformed from symbolic forums into conditional implementation-driven mechanisms linking finance to technology transfer and local manufacturing — clearly reflects this shift.

Africa has also redefined the role of natural resources, particularly critical minerals, as geopolitical currency that anchors the continent at the center of global value chains and enables it to reshape trade, finance and investment rules. In this context, new internal African spheres of influence have emerged: an ascendant Atlantic industrial axis combining infrastructure with manufacturing capacity; a radical sovereign axis in the Sahel advancing a discourse of

“second liberation,” and a techno-digital axis driving knowledge transformation in the east and south. Infrastructure — from pipelines to trade corridors — has become a tool for redistributing influence regionally and globally, alongside the erosion of rent-based models and the adoption of production-oriented integration into global economic chains.

At the same time, Africa operates within an intensely volatile internal and regional environment. Coups and protracted conflicts continue to redraw political maps, as seen in Sudan’s descent into threats against state unity, and in the new hydrological reality of the Nile Basin shaped by the GERD and regional military positioning in Somalia. These dynamics have produced a new security architecture linking water to strategic geography.

The widening gap among states capable of transforming corridors and infrastructure into platforms of manufacturing and influence, and those trapped in cycles of institutional collapse and armed conflict, points toward the emergence of a “two-speed Africa” in 2026: one Africa advancing through industrial, digital and energy revolutions and another growing more fragile and fragmented. This complex landscape underscores a central conclusion: Af-

rica is undergoing a process of reconstitution, where rapid strategic ascent coexists with deepening structural crises, generating a highly dynamic geopolitical space in which power, resources and identities are redistributed under still-forming rules.

International influence on the continent is increasingly shaped by multi-layered competition. Major powers are shifting from aid-based approaches to transactional dynamics, while Africa moves from recipient to a conditional actor defining the terms of engagement. Africa is no longer operating within a defensive vision centered on confronting challenges; rather, it is driven by a strategic ambition to reinvent itself as an influential bloc within the global economy. The emerging African discourse links economic sovereignty to strict control over resources, mandatory local manufacturing and new parity-based negotiating frameworks — placing the continent on the threshold of transition toward a productive economic model that transcends raw material export dependency and builds complete value chains within its borders.

Looking ahead to 2026, three overlapping trajectories appear likely. The first is the rise of an “industrial clusters continent,” with cities such as Lagos, Casa-

blanca, Cape Town and Nairobi emerging as production nodes integrated into global supply chains for electric vehicles, green technology and AI — supported by the momentum of the 2025 summits and Africa’s ability to harness global competition for sustainable industrial development. The second trajectory points toward the militarization of African geography, as Egyptian-Ethiopian proximity in Somalia, Russia’s presence in the Sahel and Chinese infrastructure expansion increase the likelihood of a Cold-War-like competitive environment — this time based on resources, maritime corridors and mining zones rather than ideology — manifesting in adjacent “belts of influence” capable of igniting high-risk local conflicts. The third reflects the persistence of development and economic fragmentation, with some states achieving industrial transformation and global integration while others sink deeper into fragility under the pressures of civil war, climate change and institutional weakness. The convergence of these trajectories will shape a highly complex African landscape: a continent advancing and stumbling simultaneously, where strategic ambitions and structural conflicts interact in a single dynamic that redefines Africa’s place in the world and positions it as a central arena

for the reengineering of global economic, political and resource balances.

Shifting Dynamics in the India-Pakistan Conflict and the Future of the Ceasefire Agreement

The 2024 ASR predicted that South Asia would continue to be an arena of intense competition among regional powers, influenced by the pressures of global geopolitical shifts. Regional tensions and the involvement of extra-regional powers like the United States have remained a major force shaping regional dynamics. Under the Trump administration, Washington has reoriented its approach, with Trump's distinctly transactional diplomatic style causing uncertainty and anxiety for its regional partners. In this context, India-Pakistan relations, including the recent conflict, illustrate how traditional flashpoints in South Asia continue to evolve amid regional political and security changes prompted by intense rivalries and competition. Pakistan's internal unrest, economic constraints and political instability intersect with India's emphasis on national security and Kashmir policies, creating a volatile environment that undermines efforts toward a sustainable resolution of the crisis. The conflict unfolded amid tactical strikes, retaliatory operations and strategic sig-

naling, demonstrating both countries' capacity for calibrated escalation while avoiding prolonged war.

This section of the ASR presents a comprehensive review of the 2025 India-Pakistan confrontation. Three main pillars are examined in this section. First, it analyzes the shifts in the India-Pakistan conflict dynamics as well as the underlying context. Second, it highlights outstanding issues and the factors contributing to renewed confrontations. Third, it assesses the factors underpinning both parties' continued commitment to the existing settlement option. The conclusion offers a forward-looking assessment of the future of the ceasefire agreement between the two countries.

Shifting Dynamics of the India-Pakistan Conflict — Underlying Contexts

Domestic and external dimensions intersect organically in shaping the India-Pakistan conflict, given the nature of the Kashmir issue as a border and sovereignty dispute between the two neighboring states. Kashmir has long ceased to be a mere territorial disagreement, evolving into a tool that both political systems instrumentalize to bolster domestic legitimacy and manage recurring internal crises. At the same time, each

state also leverages regional and international developments in ways that serve its own interests. India is seeking to consolidate its position as a rising power through internationalizing its security concerns, while Pakistan is attempting to employ global power balances to maintain the momentum of the Kashmir issue in international fora. This interplay of domestic and external factors affecting India-Pakistan relations has rendered their conflict a complex model in which their geopolitical ambitions and requirements for domestic political stability are indeed indistinguishable.

Domestic Dimensions of the Conflict

The trajectory of India-Pakistan relations has long been shaped by longstanding security issues, regional dynamics, as well as domestic political considerations. While foreign policy rarely dominates electoral discourse in either country, the India-Pakistan question, particularly Kashmir, remains an enduring and heavily politicized issue in national narratives and consciousness on both sides of the border.

In India, the ruling Bharatiya Janata Party (BJP) government has always emphasized strength and deterrence ever since it came to power, foregrounding national security as a central pillar of its

political messaging. Moreover, national security has been repeatedly used as a success story of Prime Minister Narendra Modi's government during election campaigns, and Modi has repeatedly assured retaliation against any attacks on India.⁽⁶⁹⁾ Since the abrogation of Article 370 that gave special autonomous status to the state of Jammu and Kashmir in 2019, New Delhi has claimed to have restored stability in Jammu and Kashmir.⁽⁷⁰⁾ According to India's Ministry of Home Affairs, the region saw a decline of over 70% in terror incidents, casualties and infiltration attempts.⁽⁷¹⁾ In contrast to this official narrative, human rights organizations have criticized the government's policies. Amnesty International reported that since 2019, authorities have intensified repression through travel bans, passport and OCI (Overseas Citizen of India) cancellations and the extensive use of the Public Safety Act (PSA) and the Unlawful Activities (Prevention) Act (UAPA) to target journalists, activists and critics.⁽⁷²⁾ This raises questions about the human rights cost of the stability the government claims to maintain.

In 2025, Pakistan experienced significant internal unrest marked by political turmoil, economic challenges and widespread protests. The protests

in Balochistan in early 2025 against the use of force and extra-judicial killings highlighted lingering ethnic and political tensions in the region.⁽⁷³⁾ This was followed by widespread demonstrations in Pakistan-administered Azad Kashmir over governance failures, economic grievances and the use of force by the police. By late 2025, the protest wave accumulated into one of its largest in decades in Pakistan's Kashmir, resulting in casualties and prompting intervention from security forces.⁽⁷⁴⁾ This revealed a political and security vulnerability in one of the country's most sensitive regions. These domestic security developments invariably factored in Pakistan's external discourse. Pakistan accused India of orchestrating insurgent and terrorist incidents, including the Jaffar Express hijacking by the Balochistan Liberation Army, branding it as an act of state-sponsored terrorism.⁽⁷⁵⁾ This accusation reflected a convention of Indian fingerprints in the planning and execution of the incident. Such claims referenced longstanding hostile narratives that further contributed to the escalation ladder and misperceptions between the two countries. In this highly charged atmosphere, every domestic security incident became fuel for a broader diplomatic standoff, reducing room for dialogue

and reverting to mutual accusations of supporting separatist groups.

On the Indian side, the government continued to assert that Pakistan supported cross-border militancy. In early 2025, India's Ministry of External Affairs (MEA) called on Islamabad to take "strict action" against groups operating from its territory, and officials reiterated that any security breach or terror attack with cross-border linkages would invite a firm response.⁽⁷⁶⁾ The undertone clearly signals an embrace of preemptive strikes or specialized operations beyond enemy lines. Thus, the discourse in India shifted the country's military doctrine toward active deterrence as a cornerstone of national security, increasing the possibility of on-the-ground escalation during any border friction. This was underpinned by multiple official statements which reinforced India's narrative that Pakistan-based networks remained the principal driver of violence in Jammu and Kashmir.

The Pakistan army also adopted an assertive posture, using the crisis to reinforce its political and security centrality amid longstanding tensions with the civilian government. Chief of Army Staff General Asim Munir, through his speeches and field addresses, intended to project decisiveness and demonstrate

the military's capability to respond robustly to India — a strategy designed to rehabilitate the military's image at home. By leveraging the army's operational power and information networks during the conflict, he further consolidated his influence, a trajectory that ultimately culminated in his elevation to the rank of field marshal, in recognition of what was described as his decisive role in managing the conflict.⁽⁷⁷⁾

Regional Geopolitical Dimensions of the Conflict

While not directly driving the conflict, the responses of India and Pakistan were closely shaped by the broader regional geopolitical context. For instance, Afghanistan's evolving political landscape and India's growing ties with Kabul are monitored in Islamabad with deep suspicion. Pakistan's concerns about Indian influence along its western frontier coincide with the increasing Tehrik-i-Taliban Pakistan (TTP) attacks within Pakistan that contribute to Pakistan's threat perceptions. Pakistan recognizes the challenges of stretching its military resources in the case of a two-front war (with India to the east and Afghanistan to the west), and this influences Pakistan's approach to India, framing bilateral relations within a broader regional security

matrix rather than an isolated bilateral dispute. This approach seeks to balance deterrence with India without draining its capabilities in the face of cross-border threats from the west.

On the other end, China's close security and strategic cooperation with Pakistan, along with ongoing China-India border frictions in Ladakh, added to the atmosphere of unease in New Delhi. Beyond military challenges, strains in India-US trade relations in 2025 were also significant and unprecedented, especially amid US threats of further customs duties.⁽⁷⁸⁾ However, while global powers formed part of the wider context, their involvement was not the primary driver of the conflict, which was fundamentally shaped by deep-rooted bilateral tensions and domestic political factors. Meanwhile, the role of major powers was limited to attempts at containing the escalation and ensuring that it did not spiral out of control. Collectively, regional political and security trends produced a complex environment in which the responses by both countries were influenced by not only the immediate tactical considerations but also by the potential impact on regional stability, international perceptions and their long-term strategic considerations. It was within this context and fraught geopolitical conditions

that the Pahalgam terror attack occurred, serving as the spark that ignited the 2025 India-Pakistan conflict. It exposed the fragility of the ceasefire understandings and the deepening rift between the two nuclear-armed countries.

Outstanding Issues and Triggers for Renewed Confrontation

Since independence in 1947, India and Pakistan have fought four major wars and several limited conflicts, with nuclear deterrence traditionally acting as a ceiling on escalation even as hybrid warfare and sub-conventional violence persisted. There have been several outstanding issues between the countries, the most important being the issue of Kashmir and cross-border terrorism — flashpoints that could trigger renewed tensions. These strains are compounded by core disagreements over the sharing of Indus Basin water resources, restricted trade and limited connectivity, all of which hinder prospects for sustainable peace. In recent years, both sides have begun testing the threshold of escalation through limited cross-border strikes. The 2025 conflict showed that India and Pakistan retain the capability and willingness to fight intense conventional battles within the gray zones and under a nuclear umbrella. This breaks the long-held as-

sumption that nuclear weapons entirely prevent conventional confrontations.

India: Terrorism and

Instrumentalization of Unresolved Issues

Before the Pahalgam attack, India stepped up its security reporting on rising infiltration attempts and Line of Control (LoC) violations as indicators of external efforts toward creating instability. Pakistan, however, argued that the real source of tension was India's intensified security policies, particularly its political and legal measures in Kashmir since 2019, which had inherently elevated the risk of confrontation. Following Pahalgam attack, Pakistan immediately denied any links to the attack and Prime Minister Shehbaz Sharif called for a "neutral and transparent" international probe to identify the perpetrators;⁽⁷⁹⁾ however, Indian authorities claimed that all the attackers were Pakistani nationals. This emphasis is backed by field investigations that indicated Pakistani involvement in the planning and execution of the incident — shifting it from an internal security matter to a sovereignty crisis that pushed the two countries to the brink of military confrontation.

As per New Delhi, the trigger for Operation Sindoor was the Pahalgam attack that took place on April 22, 2025, when

armed militants opened fire on crowds of tourists in the Baisaran Valley, reportedly targeting Hindu civilians in Indian-administered Jammu and Kashmir.⁽⁸⁰⁾ The bloody attack came as a political shock — occurring amid India's efforts to promote the narrative of normalcy in Jammu and Kashmir after the sweeping 2019 constitutional and political changes introduced by the BJP government. Accordingly, New Delhi viewed silence in the face of this security breach as undermining its political gains, launching Operation Sindoor to reestablish the deterrence balance and strike what it describes as "terrorist launchpads" across the border.

By striking a major tourist site, the attackers undermined New Delhi's narrative of stability and integration. The attack claimed 26 civilian lives, many of them tourists. Indian authorities identified The Resistance Front (TRF), an outfit linked to banned groups like Lashkar-e-Taiba (LeT), as responsible for the attack. This caused the government to come under dual pressure: opposition parties questioned it on the intelligence failure and security lapse, while the attack triggered widespread public outrage demanding retaliation. Together, these factors left the Modi government

with little choice but to take immediate decisive military action.⁽⁸¹⁾

To restore its political and security standing, India took steps that paved the way for a direct confrontation with Pakistan under the banner of protecting national security. In an unprecedented escalation, New Delhi on April 23, 2025 announced that it was suspending the Indus Waters Treaty, the water-sharing agreement with Pakistan.⁽⁸²⁾ The next day, Pakistan warned that any such move would be considered an act of war, signaling its intentions to escalate the conflict. With tensions reaching the point of no return, India, in the early hours of May 7, 2025, launched Operation Sindoor involving the Indian Air Force, army and navy, targeting nine sites across Pakistan.⁽⁸³⁾ As per the Indian government, these sites hosted terrorist training camps, and were militant strongholds linked to LeT and Jaish-e-Mohammed (JeM), resulting in dozens of casualties and the destruction of military infrastructure. During Operation Sindoor, which propelled the region into the most dangerous conventional confrontation between the two armed countries, India deployed a mix of air-delivered precision-guided munitions, long-range cruise missiles such as SCALP, HAMMER and BrahMos, and stand-off

weapons launched by its frontline fighters — including Rafale, Su-30MKI and Mirage-2000. For India, the attack was both retaliation for the Pahalgam attack and a deterrence message showcasing its advanced military capability. India's Operation Sindoor marked a significant escalation in the conflict, as the level of engagement surpassed all traditional rules of engagement that had prevailed between the two countries over the past decades.

Pakistan and the War of Narratives

Pakistan's response was immediate. Its political and military leadership condemned India's operation as a "blatant act of war" and vowed retaliation. On May 10, Pakistan launched its Operation Bunyan-un-Marsoos.⁽⁸⁴⁾ The escalation included heavy cross-border shelling along the LoC. Pakistan launched drone and missile strikes targeting Indian military installations and stated to have shot down several Indian jets, while India retaliated with deep strikes on airbases, including Bholari in Sindh. Further escalation included the closure of Pakistan's airspace, disrupting civil and commercial aviation. Pakistan's air force used F-16s, J-10s and JF-17s along with PL-15E and SD-10 air-to-air missiles, Babur-III cruise missiles and armed drones showcasing its capacity to conduct coordi-

nated, multiplatform operations during high-intensity engagements.⁽⁸⁵⁾

Amid the cross-border violence, the conflict extended into intense information warfare and a feverish media sparring. Pakistan alleged that Indian strikes targeted civilian sites, while India strongly denied such claims, asserting that only terrorist infrastructure was hit. Indian officials and media outlets reported on civilian deaths and casualties because of Pakistan's attacks, heightening public polarization. The narrative contest underscored the heavy reliance on information warfare, intended to shape domestic and international perceptions. For example, reports on aerial losses were conflicting: Islamabad stated to have shot down Indian fighter jets, a claim India later acknowledged, while India likewise asserted that it had downed Pakistani aircraft. Amid this ambiguity, misinformation and disinformation were widespread in both Indian and Pakistani media, which was highlighted by several international media outlets.⁽⁸⁶⁾ These media narratives compounded the polarization and heightened tensions.

By May 10, 2025, after four days of tit-for-tat exchanges, both sides agreed to a ceasefire via military hotline communications.⁽⁸⁷⁾ Once the guns fell silent, both

sides rushed to claim victory. The Indian government highlighted Operation Sindoor as a success, stating that key terrorist camps were destroyed, while the Pakistani government described its retaliatory actions as a victory, claiming to have inflicted significant damage on Indian positions and framing the outcome as a demonstration of the reliability of its air defense network. Both countries also took steps to assure the international community of their actions and to cast their approaches as legitimate and necessary. This was evident in the vigorous all-party diplomatic outreach undertaken by India to several countries, aimed at countering Pakistan's actions and garnering international support for its position.⁽⁸⁸⁾ Similarly, Pakistan engaged in diplomatic efforts to present its retaliatory measures as justified and to shape global perceptions in its favor. These efforts reflected calibrated public diplomacy strategies by both parties to secure international support for their respective narratives during the crisis.⁽⁸⁹⁾

The 2025 India-Pakistan conflict represented a major shift in the escalation ladder in South Asia, with India demonstrating its capability to strike deep inside Pakistan, while Pakistan showcased its military readiness and retaliatory capacity, quickly restoring the deterrence

balance. The conflict highlighted the region's highly sensitive strategic and geopolitical complexities, involving powerful nuclear-armed neighbors facing asymmetric threats and the accelerating implications of information warfare and the cyber domain. India-Pakistan crises are becoming more dangerous, less predictable and increasingly shaped by uncertainty amid the erosion of traditional channels of trust.

Drivers of the Current Settlement Option

Despite showcasing their intent and political will to escalate during the 2025 conflict, Pakistan and India recognize the importance of reining in the confrontation and preserving a minimum level of regional stability. The responses that followed the ceasefire agreement reflect the wider considerations of both countries. The rapid return to a ceasefire was clearly no coincidence, but rather a form of strategic rationality dictated by existential risks. Even amid the escalatory spiral triggered by terrorist attacks, military posturing and harsh political rhetoric, both sides demonstrated a calculated interest in continuing the conflict. This approach indicates that both states were engaging in what is often described as calibrated brinkmanship

— using military force to secure domestic political gains or diplomatic leverage, while taking deliberate care not to cross the red lines that could trigger an uncontrollable, full-scale conflict between two nuclear-armed rivals.

The Economic Factor and Internal Stability

For India, a full-scale escalation or a prolonged war would be detrimental to its growing economic interests as well as international perception as a stable pole in the Indo-Pacific, which New Delhi has increasingly leveraged for geopolitical goals and foreign investment. With its growing global profile and aspirations to be a reliable leader of the Global South, New Delhi is acutely aware that protracted conflict with Pakistan could divert attention and resources from its broader regional and global objectives. Accordingly, preserving stability constitutes a paramount strategic interest for India, ensuring that its economic rise continues uninterrupted and shielding it from being drawn into zero-sum regional confrontations that could derail its path toward global leadership. For Pakistan, domestic political turmoil, economic strain and strict IMF conditions mean that any long-term escalation would place the country under severe pres-

sure. Islamabad recognizes that its battered economy cannot afford the cost of a war of attrition that could push it into a complete financial collapse. Moreover, Islamabad cannot withstand a simultaneous escalation with India and Afghanistan as well as rising TTP attacks, a reality that strongly shapes its de-escalatory incentives. Besides draining its limited resources, a large-scale conventional conflict could cost Pakistan control over its border fronts.

At the peak of the 2025 conflict, the institutional mechanisms between the countries played an important stabilizing role. The Director General of Military Operations (DGMO) hotline and backchannel diplomatic contacts have been active tools for clarifying intentions and preventing inadvertent escalation.⁽⁹⁰⁾ Despite the heightened political tone, military-to-military communication continued at less publicized levels, allowing both sides to manage incidents along the LoC. These channels may not have resolved deeper structural issues, but they functioned as critical safety valves, offering technical means to reduce miscalculations, especially amid hardline media narratives and polarized public discourses in both countries.

Political signaling from leadership on both sides played an important role

in shaping the crisis environment and managing public expectations. The top leadership in India, including the prime minister, defense minister and external affairs minister, underscored India's inherent right to respond proportionately to terror attacks. Public rhetoric was carefully calibrated, communicating resolve for domestic consumption without foreclosing eventual de-escalation — thus maintaining India's international credibility. Likewise, Pakistan's response aligned with its doctrine of “equivalent deterrence,” as both its political and military leadership signaled full readiness to respond to any further provocation. In essence, this symbolic signaling allowed both governments to claim political and moral gains domestically. Leaders used carefully timed statements to manage inflamed public expectations and maintain space for diplomatic maneuvering.

Risk management was a defining feature of both states' conduct during the 2025 tensions. Both sides exercised caution, recognizing that in the South Asian context, escalation is more commonly the result of miscalculation than of deliberate strategic choice. The presence of nuclear weapons has historically incentivized restraint, and this logic continued to be apparent in the 2025 conflict.

Risks of Escalation

Despite the factors supporting stability, several existential concerns continue to form the core of tensions between the two sides. Cross-border terrorism and challenges posed by non-state actors constitute the most immediate risk. The Pahalgam attack exposed the fragility of India's threshold for restraint and demonstrated how militant groups can influence bilateral trajectories more than state actors intend. Moreover, in a dangerous strategic shift, the Indus Waters Treaty, historically largely insulated from bilateral tensions, became an unexpected flashpoint when India briefly placed parts of it in abeyance. Pakistan views any tampering with water agreements as an existential threat, making this an unpredictable escalation vector. Nevertheless, analysts argue that India's threats to withdraw from the Indus Waters Treaty remain, in the near term, more of a political pressure tactic than a technical reality. Legally and technically, such a move is impractical as even permissible measures like building small hydropower or run-of-the-river projects would take years of planning and construction, meaning India cannot quickly use water infrastructure as an instrument of strategic “choking” during fast moving crises.⁽⁹¹⁾ Accordingly, this lim-

itation may grant both sides additional time for diplomatic maneuvering.

International mediation played a pivotal — if controversial — role during the episode. Although formally rejected by India, Trump repeatedly claimed that his personal intervention was responsible for halting hostilities and preventing a nuclear war.⁽⁹²⁾ This assertion contradicted India's longstanding position that its disputes with Pakistan should not involve third-party mediation. India's refusal to acknowledge Trump's claims reportedly led to a cooling in relations with the White House, complicating prospects for an anticipated trade deal for India. Pakistan, in contrast, welcomed Trump's remarks and signaled openness to US mediation, capitalizing on this tension with diplomatic finesse. This stance, combined with General Munir's willingness to engage constructively with the United States, placed Pakistan in a more favorable position in Trump's view. This divergence in how the two sides approached the world's superpower not only helped defuse the crisis on the ground but also reshaped regional alignments, with Pakistan appearing more diplomatically flexible while India held fast to its strategic autonomy, even at the expense of its relationship with the White House.

Alongside the United States, the Gulf states also used their diplomatic influence. Saudi Arabia's Minister of State for Foreign Affairs Adel al-Jubeir visited both New Delhi and Islamabad as part of Riyadh's effort to promote de-escalation.⁽⁹³⁾ In addition, Saudi Foreign Minister Faisal bin Farhan bin Abdullah held direct calls with the Indian external affairs minister and Pakistan's deputy prime minister and foreign minister, urging restraint.⁽⁹⁴⁾ Other Gulf countries like Qatar and the UAE also joined this effort through official statements and diplomatic initiatives that emphasized the need for dialogue. Taken together, these intensive efforts highlight the instrumental role of regional diplomatic engagement in crisis management in South Asia, even when this is publicly downplayed in the name of national sovereignty. This also demonstrates that the current stabilizing trajectory could be enhanced with the efforts of reliable international partners who can play a vital moderating role that limits the possibility of unintended escalation.

At the core of India-Pakistan instability are longstanding structural issues that neither state has addressed comprehensively beyond the temporary crisis management framework. Kashmir remains a central point of the historical divergence

and disagreement. Additionally, other factors like evolving geopolitical challenges, political instability and the persistence of non-state militant networks create conditions in which provocations can occur independently of government intent, leaving regional stability perpetually hostage to the actions of non-state actors. Accordingly, should these issues remain without fundamental solutions, any current de-escalation will amount to a fragile truce awaiting the next spark of escalation, unless regional and international mechanisms are developed to definitively dismantle these structural crises in a sustainable manner.

Conclusion: The Uneasy India-Pakistan Truce – 2026 Risks and Pathways

In 2026, the South Asian security environment is expected to remain volatile, with only limited optimism for stability. Domestic political dynamics and the continued activities of militant groups, including JeM and the TRF that India says receive support from Pakistan, and the TTP that Pakistan says is enabled by Afghanistan, with which India recently improved ties, will shape the security outlook. Both countries are seeking to project military readiness and strengthen deterrence, but structural factors will

ultimately determine long-term prospects for stability.

India's post-2025 conflict response centers on rapid modernization, expanded budgets and structural military reforms. Prime Minister Modi announced a new Indian military doctrine emphasizing a stronger stance against cross-border terrorism and no tolerance for nuclear blackmail. As per the Indian government, India will independently choose the means and location of its strikes and treat state sponsors and terrorist masterminds equally. New Delhi pushed forward integrated theater commands, unified air-defense structures and cross-service joint orders to reduce operational silos.

Overall, India is positioning itself as a faster, more integrated and technologically advanced force for future crises with Pakistan. Fast-track emergency purchases highlight an immediate focus on operational readiness after the conflict, while large indigenous contracts signal a long-term shift toward self-reliance (Atmanirbhar Bharat) and reducing dependence on imports. On the other hand, the Pakistani military has taken measures to strengthen its role and power following the conflict with India. The 27th Amendment formalizes the army chief's overarching command over all

armed forces, while measures such as the Strategic Mutual Defense Agreement (SMDA) with Saudi Arabia, the establishment of the Army Rocket Force Command and a 20% increase in the defense budget reflect a focus on strengthening conventional and missile-based deterrence.⁽⁹⁵⁾ As such, a clear divergence in preparedness paths emerges: while India is betting on technological integration and domestic production, Pakistan is relying on the institutionalization of military leadership and the development of its missile arsenal, supported by strong regional alliances — a combination that is shaping the contours of a new and uneasy balance of power in South Asia.

In the current context, the prospects for lasting peace will ultimately depend less on tactical restraint and more on the political will of both countries to resolve issues diplomatically. However, in a politically charged environment and major geopolitical shifts that make mutual concessions a heavy political burden for decision-makers on both sides, it remains to be seen to what extent both countries can manage issues bilaterally. The future of South Asia stands now at a crossroads, wavering between the imperative of economic integration and the risks of sliding once again into confrontation. Eventually, confidence-building mea-

sures between India and Pakistan and a mutual understanding of red lines could help prevent inadvertent escalation, but these remain fragile and easily reversible. Without sustained political will and coordinated regional diplomacy, the ceasefire will remain a temporary pause rather than a pathway to long-term stability.

Although tensions have temporarily halted cross-border violence, the likelihood of threats from non-state actors is expected to persist through 2026. The broader South Asian regional environment will remain highly volatile, and the lessons of the 2025 conflict mean both countries will be more cautious, yet any incident could trigger unpredictable escalation. India and Pakistan remain suspicious about each other's intentions and the crisis is at times instrumentalized to advance specific political agendas, increasing the likelihood of rapid escalation amid an increasingly complex geopolitical landscape. In such a scenario, lasting peace would remain even more elusive, replaced instead by a brittle balance vulnerable to sudden shocks.

Azerbaijani-Armenian Peace and the Reshaping of the Geopolitical Map of the South Caucasus

In a remarkable diplomatic breakthrough that is reshaping the balance of

power in the South Caucasus, US President Donald Trump led a successful mediation effort between Azerbaijan and Armenia, ending 35 years of conflict between the two countries. On August 8, 2025, Azerbaijani President Ilham Aliyev and Armenian Prime Minister Nikol Pashinyan signed a peace agreement at the White House. The agreement included provisions for a permanent cessation of hostilities, mutual recognition of borders, the opening of the Zangezur Corridor to connect Nakhchivan with the rest of Azerbaijan and the normalization of diplomatic and commercial relations.

The peace agreement was not merely a symbolic step by Trump to resolve one of the world's longest-running conflicts; it marked the beginning of a new phase in which the United States is actively shaping the future of regional economic corridors in the Caucasus. In this context, Washington reached an agreement with both Azerbaijan and Armenia to develop and invest in the Zangezur Corridor for up to 99 years. The corridor spans 43 kilometers between Azerbaijan and Armenia, separating mainland Azerbaijan from the autonomous Nakhchivan exclave.

Although US mediation may have ended a decades-long conflict in the South Caucasus, US geopolitical reposi-

REPORT

The Significance of the Armenia-Azerbaijan Peace Deal and the Emerging Great Game in the South Caucasus

The United States brokered a historic peace deal between Armenia and Azerbaijan at the White House, aiming to end nearly four decades of conflict. Azerbaijani President Ilham Aliyev and Armenian Prime Minister Nikol Pashinyan pledged to respect territorial integrity and normalize relations. At the core of the agreement is the 43 kilometer US-controlled transport corridor branded as the “Trump Route for International Peace and Prosperity” (TRIPP) that links Azerbaijan to Nakhchivan and Türkiye...

Credit: Official White House Photo by Daniel Torok

ing in the region is expected to trigger a new contest among international actors — some of whom stand to gain from the corridor’s implementation, while others will likely incur losses. Therefore, this section of the report focuses on three main axes: first, an analysis of US mediation and the geopolitical-security positioning in the Caucasus. Second, the implications and diverse benefits expected from the corridor’s implementation.

Third, the opportunities and challenges facing the peace agreement between Baku and Yerevan. The conclusion provides forecasts on the sustainability of Armenian-Azerbaijani peace and the Zangezur Corridor.

US Mediation and Geopolitical-Security Positioning in the Caucasus

The Trump administration’s mediation between Azerbaijan and Armenia seeks

to achieve several geopolitical, geostrategic and geo-economic objectives in the Caucasus — a region where the interests of regional and international competitors (Russia and Iran) intersect. The most significant US objectives include:

Strengthening US Influence in the South Caucasus

The Azerbaijani-Armenian reconciliation and the investment in the Trump

Route for International Peace and Prosperity (TRIPP) (see Map 2.6) reflect a clear US ambition to exploit the vacuum created by Russia's declining influence in the South Caucasus. The goal is to establish a strategic foothold in one of the world's most critical regions for energy, transport and trade routes.

A sustained US presence in this vital region would enhance US influence by enabling Washington to direct energy and transit flows and potentially pave

the way for NATO's presence in an area traditionally outside its direct control.⁽⁹⁶⁾

Weakening Russian and Iranian Influence While Strengthening US Influence

The Trump administration aims to reduce Russia's historical dominance in the Caucasus and to free Central Asian economies from Russian control — thereby weakening Moscow's ability to shape regional dynamics.⁽⁹⁷⁾ Additionally, the Caucasus represents a blind spot in the sanctions

regime against Russia. The corridor would allow the West to close routes used by Moscow to evade sanctions.⁽⁹⁸⁾ It would also provide Europe with a genuine alternative for diversifying energy supplies away from Russia by granting access to Caspian Sea reserves. This could result in potential Russian revenue losses estimated between \$10 billion and \$20 billion and reduce Russia's influence over European energy markets by 10% to 15% within a decade.⁽⁹⁹⁾

The US agreement with Azerbaijan and Armenia grants a private US company the right to operate the corridor, alongside the deployment of a special US security force to protect it. Although this force is not officially part of the US military, its presence does not preclude the possibility of US or NATO troops entering the corridor in the future.

Such a presence would provide Washington with intelligence and even military advantages, enabling close monitoring of Iran's northern borders. It would also give the Trump administration additional leverage over Iran in nuclear negotiations. Moreover, the corridor's implementation contradicts Iranian interests, as it strengthens the regional influence of Azerbaijan and Türkiye — Tehran's key competitors in the Caucasus.

Map 2.6: The TRIPP/Zangezur Corridor Countries



Source: Vasif Huseynov, "Opinion: TRIPP/Zangezur Corridor Must Serve Both Peace and Connectivity," *Center of Analysis of International Relations*, November 12, 2025, accessed January 8, 2026, <https://app.bitly.com/BiamaBjsrph/links/bit.ly/49Gpuwp/details>.

Securing Geo-Economic and Energy Benefits

US mediation is expected to yield significant economic gains for Washington through cooperation agreements with Azerbaijan, Armenia, Türkiye and Central Asian states across various sectors. According to Forbes, the corridor's construction is expected to cost between \$3 billion and \$5 billion over the next 5 to 10 years, while the logistics revenues it generates could reach \$30 billion annually. The corridor is also expected to reduce transit time between Europe and Asia by 12 to 15 days⁽¹⁰⁰⁾ compared to alternative routes. This would transform the corridor into a major artery of international trade between Asia and Europe, ensuring substantial financial returns for the United States as its operator.

Reinforcing Trump's Image as a Peacemaker and His Bid for the Nobel Prize

Trump's mediation also serves his personal ambition to add another achievement to his record of international conflict resolution — strengthening his pursuit of the Nobel Peace Prize. Azerbaijani President Aliyev stated, “Who, if not President Trump, deserves the Nobel Peace Prize. We will issue a joint letter [with the Arme-

nian prime minister to support President Trump's nomination].”

Armenian Prime Minister Pashinyan echoed this sentiment, “This breakthrough would be simply not have been possible without President Trump's personal engagement and his resolute commitment to peace in our region. I think President Trump deserved to have a Nobel Peace Prize, and we will defend that, and will promote for that.”⁽¹⁰¹⁾ This peace agreement joins Trump's list of diplomatic achievements, including peace efforts between DR Congo and Rwanda, engagement in ceasefires in Gaza, Cambodia and Thailand, and mediation attempts between India and Pakistan.

Implications and Diverse Gains Expected from the Corridor's Implementation

The corridor affects several direct stakeholders — Azerbaijan, Armenia, Iran, Türkiye and the United States, which will have a physical presence and supervisory authority over it. It also affects indirect stakeholders that have no geographical connection to the corridor but whose strategic interests and geopolitical projects will be influenced by it, such as Russia and China. The potential implementation of the corridor will generate a wide range of

implications and benefits for all parties involved, as follows:

Geopolitical

Implementing the corridor will alter the array of geopolitical actors shaping its geography with the addition of a new global player — the United States — directly onto the corridor's map. This will allow Washington to establish a significant military presence in the Caucasus and Central Asia, close to Russian spheres of influence and along the routes of China's BRI. It will also geographically isolate Iran from its Armenian ally, reducing Iran's number of international land borders to six — Pakistan, Afghanistan, Turkmenistan, Azerbaijan, Türkiye and Iraq — by removing the Armenian border for the duration of the 99-year agreement.

The geopolitical consequences of the corridor include the consolidation of the US presence west of Russia's borders, the encirclement of China's BRI routes and the geographical encirclement of Iran at the only gateway through which it could realistically pursue its long-held ambitions of extending oil and gas pipelines westward — should its relations with the West improve through a nuclear agreement.

The corridor will also enable the United States, along with Europe and Israel — Azerbaijan's close ally — to intensify

their presence on Azerbaijani territory, further tightening the geographical noose around Iran. It will effectively eliminate Iran's geopolitical role in linking Central Asia to the Caucasus and disrupt regional alliance structures in favor of the Western bloc, especially with Armenia's formal exit from the Russia-Iran axis.

The US intervention to implement the corridor aligns with the geopolitical foundations of the American school of thought — particularly Nicholas J. Spykman's Rimland theory, which stands in direct contrast to Halford Mackinder's vision of how global power is controlled. While Mackinder argued that dominance over the "Heartland"⁽¹⁰²⁾ is the key to ruling the world, Spykman contended that control over the "outer crescent," or the "Rimland" (as illustrated in Figure 2.6), is what determines mastery over the global island.

Spykman maintained that whoever controls the Rimland controls Eurasia. The corridor's location falls largely within this Rimland zone, which may shape the US perspective and reinforce Washington's commitment to maintaining unilateral dominance over the international order. It is not unlikely that Trump's team and his national security advisers are influenced by this theoretic-

cal framework, viewing the corridor as a strategic lever to expand US power, reach and global presence by securing what Spykman described as the world's geopolitical "edges."

Moreover, securing the corridor offers Trump not only geopolitical and geostrategic advantages, but also substantial geo-economic gains — making the project valuable to US interests on multiple levels.

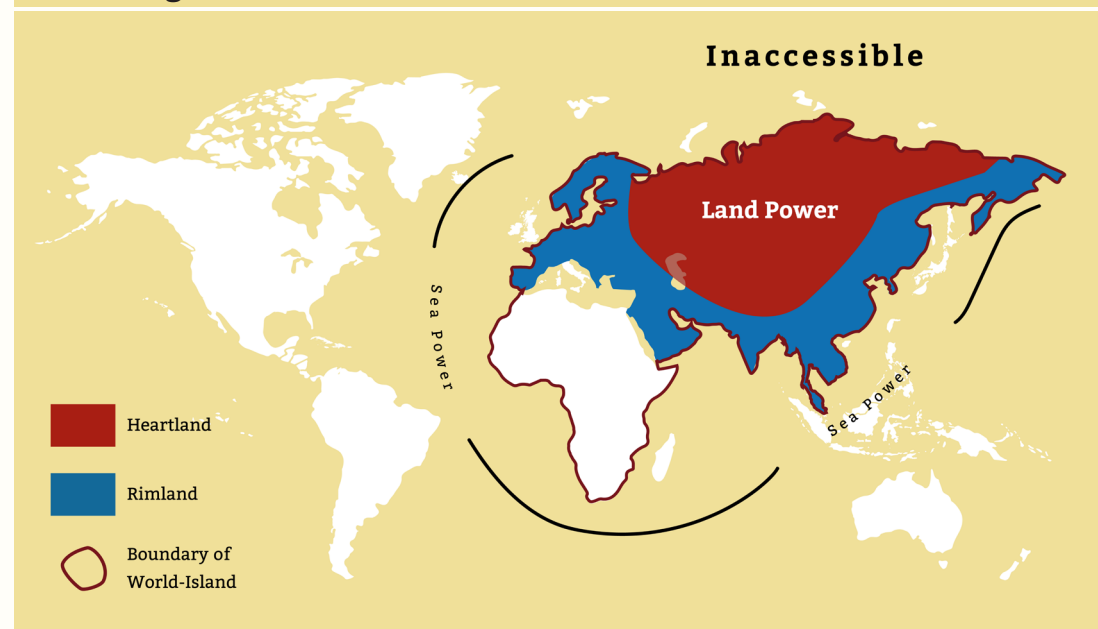
Geo-Economic

The corridor connects Azerbaijan to the Nakhchivan exclave through a 43-kilo-

meter route across Armenia, instead of the previous 86-kilometer route through Iran. This effectively halves the distance, time and cost for Azerbaijan, enabling direct linkage with its western territories. It may also reduce transit time for goods across Eurasia by 12 to 15 hours, lowering international trade costs for users of the corridor.

The corridor will diminish the relevance of traditional routes such as China's BRI and the International North-South Transport Corridor (INSTC), reducing the bargaining power

Figure 2.6: Differences Between Rimland and Heartland Theories



Redesign: Rasanah IIIS, 2025.

Source: "Heartland and Rimland Theory – Geography UPSC," *LotusArise*, January 25, 2021, accessed January 8, 2026, <https://bit.ly/4qI78ke>.

of their stakeholders in geo-economic and energy negotiations. It will create alternative pathways for energy and trade flows, accelerating the establishment of east-west commercial and logistical corridors. Countries such as Türkiye and energy-hungry European states will benefit significantly, gaining access to Central Asian resources — such as Turkmenistan's gas and Kazakhstan's oil — as alternatives to Iranian and Russian supplies. In return, Turkish and European goods will reach Central Asian markets without passing through Iran.

This will intensify competition with Iran's trade and energy sectors and reduce Tehran's ability to penetrate these markets. Iran will also lose transit-fee revenues and face obstacles to exporting goods northward, given that the United States — operating the corridor — could impose restrictions on Iranian trade flows to Armenia. The corridor would also isolate Iran from South Caucasus states such as Georgia and beyond.

Additionally, the corridor will reduce Azerbaijan's reliance on transporting gas through Iran, which currently retains 15% of the gas as a transit fee and uses it to supply Iranian households during winter.

Security

The deployment of US forces along the corridor's entire length will effectively make the United States a geographically adjacent power encircling Iran from its northern border for 99 years — not only through Armenia but also through Azerbaijan and the Nakhchivan exclave. A US military-affiliated company will manage the corridor, and the arrangement will likely facilitate an intensified Israeli presence in the Caucasus as part of Israel's strategy to encircle Iran.

There is also the possibility of NATO involvement, given that the United States is a NATO member with strategic partnerships in the Caucasus and seeks to extend its influence across Central Asia.

The corridor will strengthen the geopolitical power of the rising Türkiye-Azerbaijan axis in the Caucasus, enabling both states to expand their influence along the Armenian-Iranian border and across the South Caucasus at Iran's expense. This comes amid deepening military ties between Baku and Ankara since the Azerbaijani-Armenian war, which shifted the regional balance of power in favor of the Turkish-Azerbaijani bloc.

The corridor may also bring an end to the longstanding regional stability that has characterized Iran's northern border for decades, potentially transforming this

geographical zone into a new flashpoint in the South Caucasus — particularly if Iran and Russia attempt to obstruct the project, or if China raises objections. The corridor directly conflicts with the Chinese BRI route that passes through Iran toward Armenia and Europe, which means its implementation would intensify US-China competition in the Caucasus.

Overall, the implications reveal a clear divide between the winners and losers should the corridor be completed. On the winning side are the United States, Türkiye, Azerbaijan and Armenia, each gaining from the enhanced security presence, increased financial returns from expanding trade relations and the extension of geopolitical lines that strengthen their strategic interests. On the losing side, Iran stands first, followed by Russia and then China. Their losses range from direct economic setbacks to broader geopolitical decline, as in the cases of Russia and China.

For Iran, the consequences would be particularly severe. The corridor would geographically isolate Iran from Armenia — its only land gateway to Europe through the Caucasus — and shift regional power balances in favor of Azerbaijan and Türkiye. Iran would also lose commercial influence in the Caucasus and face heightened economic pressure, especially if the corri-

dor's implementation coincides with US efforts to curb Iranian influence in Iraq.

Opportunities and Challenges Facing the Baku-Yerevan Peace Agreement

Opportunities for Sustaining Peace

A significant factor supporting the durability of the agreement is US sponsorship. As the primary beneficiary of the deal, the United States remains the world's most powerful actor — economically, militarily and politically. Economically, it possesses the world's largest nominal GDP and wields a sanctions regime capable of crippling national economies. Militarily, it maintains the strongest armed forces globally, backed by massive defense spending, technological superiority, an extensive network of overseas bases and advanced air and naval capabilities. Politically, it commands the world's largest alliance system and the broadest global influence.

Therefore, the United States is a superpower with the tools to project authority and influence on a global scale — at times even acting as the world's de facto policeman. Despite the shift toward multipolarity and intensifying competition among major powers, the United States remains the dominant global force. Its sponsorship therefore provides both security guarantees for the corridor's implementation and

the financial packages required to operationalize it alongside other stakeholders.

The sustainability of the peace agreement is further reinforced by the alignment of interests between the corridor's two primary parties — Azerbaijan and Armenia. The latter, once firmly aligned with Iran and strongly opposed to the corridor, has shifted its position in light of regional and international developments. Yerevan has moved closer to the US, Azerbaijani and Turkish narrative that the corridor represents an economic and security opportunity for all sides. This shift came as a result of the fact that Armenia would gain economic benefits, end its isolation and normalize relations with Azerbaijan, thus ending the costly conflict. This is in addition to guaranteeing long-term security through US sponsorship, reducing dependence on Russia and Iran as well as diversifying strategic and economic partnerships amid the former's preoccupation with the war in Ukraine and the latter's grappling with international sanctions and escalating tensions with Israel.

Moreover, Türkiye's support for the corridor comes at a time when its relations with Washington are experiencing exceptional warmth. This alignment ensures that the corridor's implementation will significantly strengthen Türkiye's geopolitical position in the Caucasus, linking it

by land to its Azerbaijani ally toward the Caspian Sea and Central Asia. It would transform Türkiye into a major hub for energy transit and redistribution to Europe, thereby increasing its strategic weight within European policy calculations and potentially reinvigorating the longstanding ambition of EU membership. At the same time, the corridor would advance Ankara's broader vision of shaping a unified Turkish-speaking world through deeper Turkish-Azerbaijani connectivity extending toward the Caspian and Central Asia — an aspiration President Erdogan has long sought to build and lead.

The Complexities of Sustaining Peace

The implementation of the corridor faces several challenges. These can be grouped into financial and logistical complications, stemming from the substantial — yet still undisclosed — costs required to build the corridor. The lack of clarity and continued delays risk turning the project into nothing more than ink on paper. There are also domestic Armenian complications, as some Armenian factions view the approval of the corridor as coerced and harmful to the country's sovereignty and independence, which may hinder approvals and implementation procedures within Armenia. Additionally, geostrategic complications arise from the corridor's overlap

with the interests and routes of major powers competing with the United States, such as China's BRI and the INSTC. The project also requires a reconfiguration of regional balances in the Caucasus and Central Asia, which could obstruct its progress.

Although the corridor's implementation is, in principle, a Russian interest — since it would end the Azerbaijani-Armenian conflict and thus benefit Russian national security — Russia's initial support for the corridor triggered a diplomatic crisis with Iran in September 2024. At that time, Iran's Foreign Ministry summoned Russian Ambassador Alexey Dedov to express Tehran's displeasure with Russian officials' statements regarding the establishment of the Zangezur Corridor in the Caucasus.⁽¹⁰³⁾ However, the TRIPP now faces Russian opposition because the Caucasus is considered Russia's geopolitical backyard and was once part of the Soviet Union. Moscow fears that the US presence in the region would inevitably be followed by a NATO presence, contradicting Russia's efforts to keep security arrangements in the Caucasus and Central Asia under its exclusive control and that of regional countries. This dynamic was evident in the 2020 ceasefire agreement brokered by Russia between Azerbaijan and Armenia, which included a key provision placing Russian border guards in charge of secur-

ing new transport routes between the two countries — an essential Azerbaijani demand to access the Nakhchivan exclave. Washington's sponsorship of the new peace agreement therefore represents a setback for Russian diplomacy, given that the United States succeeded where Moscow failed.

The TRIPP thus extends the series of setbacks experienced by Russian influence since its entanglement in the war with Ukraine, making the corridor one of the conflict's indirect consequences. This helps explain the Russian Foreign Ministry's reservations, including references to Armenia's continued membership in the Eurasian Economic Union (EAEU) — which also regulates transit trade — and the need to account for the presence of Russian border guards along the Armenian-Iranian frontier. Russian Foreign Ministry Spokesperson Maria Zakharova emphasized that the three agreements signed in November 2020 with Russia's participation remain in force and that neither party has withdrawn from them.⁽¹⁰⁴⁾ Economically, the corridor could become a major artery for transporting goods from Central Asia and Afghanistan to Europe and the Middle East via Türkiye, bypassing Russian territory. It would also strengthen Western and Turkish influence in Armenia's economy at the expense of Russia's.⁽¹⁰⁵⁾

As the primary loser, Iran represents the most significant obstacle to implementing the agreement. Tehran has strongly rejected the establishment of the Zangezur Corridor along its northern border due to its geopolitical, security and economic implications. To halt the project or alter its route in line with its interests and concerns, Iran may resort to one or more of the following options:

■ **Escalation against Azerbaijan and Armenia:** Tehran's public opposition reflects deepening anxiety over the project's consequences, particularly the potential loss of its border with Armenia and the shift in regional balance toward the Türkiye-Azerbaijan alliance. Should Iran escalate against Azerbaijan and Armenia, the two countries may pressure the United States to abandon the project or explore alternative routes.

■ **Creating security disturbances along the border:** Iran may engage in systematic sabotage targeting personnel, sites or companies involved in the corridor's construction, aiming to obstruct development and force concessions. Statements by Ali Akbar Velayati, senior adviser to Iran's supreme leader, can be read in this context. He declared that Iran would prevent the United States from developing the Zangezur Corridor "whether in

cooperation with Russia or without it,” describing the project as a threat to regional security and a reshaping of the geopolitical map.⁽¹⁰⁶⁾

■ **Demanding the creation of crossings and overpasses:** Iran may insist on securing passage through tunnels or auxiliary roads above or beneath the corridor as part of future negotiations with the United States, Armenia and Azerbaijan. Agreeing to route the corridor entirely within Armenian territory — or to construct bridges or tunnels over or under the proposed route — could incentivize Iran to halt escalation or security crises along the border. Armenia is likely to support such arrangements, given its desire to maintain land connectivity with Iran and continue benefiting from transit revenues generated by Iranian goods crossing its territory.

Conclusion: The Road Ahead – Azerbaijan-Armenia Peace Prospects in 2026

US mediation between Azerbaijan and Armenia has brought an end to one of the most complex conflicts in the Caucasus and beyond, shifting the two countries from armed confrontation toward comprehensive normalization. Despite cautious optimism about the durability of this peace, its success ultimately

hinges on the effective implementation of agreed-upon provisions and the ability of both sides to overcome remaining obstacles — particularly border demarcation and other technical challenges. These hurdles are compounded by the skepticism of regional powers toward Washington’s role in resolving the dispute, especially regarding US intentions behind investing in the Zangezur Corridor. The corridor holds long-term geopolitical, economic and security implications that could reshape the balance of power in the Caucasus in favor of the United States, while diminishing Russian, Chinese and Iranian influence.

Should the corridor be completed, the United States, Türkiye, Azerbaijan, Israel and Armenia stand to benefit, whereas Iran and Russia would be among the primary losers — especially Iran, which views the project as deepening its isolation and strategic encirclement.

Tensions surrounding the corridor are expected to persist. Internal divisions in Armenia remain significant with some factions asserting that the agreement undermines national sovereignty as it was imposed upon the country. Moreover, the corridor poses geostrategic challenges due to its intersection with the interests and transit routes of major regional and global powers such as Rus-

sia, Iran and China. These countries will likely continue voicing objections to an expanded US presence near their borders. However, they are unlikely to take escalatory or retaliatory measures for now, preferring to wait and see whether the project is actually implemented and whether it directly threatens their strategic interests.

A potential end to the Russia-Ukraine war, along with a possible US-Iran agreement on Tehran’s nuclear program, could open the door for both Russia and Iran to eventually integrate into the corridor. With sufficient guarantees from Washington, these states might shift from rejection and confrontation toward participation — transforming the corridor from a point of contention into a shared regional opportunity.

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PART 3

IRAN OVERVIEW

In 2025, Iran's domestic landscape experienced profound shifts across its political, economic, social, military and ideological spheres. Relations with Arab neighbors faced unprecedented challenges, particularly in Syria, Lebanon, Iraq and Yemen, amid the erosion of Iran's regional proxy network. On the broader front, the 12-Day War with Israel in June delivered major strategic setbacks with lingering repercussions poised to shape Iran's posture and regional dynamics further in 2026. This section of the report examines the most salient issues as follows:

- The War and the Debate Over Comprehensive Reforms
- Iran's Economic Interactions and Trends Post the 12-Day War
- Intellectual and Religious Revisions in Iran
- The Impact of War on the Consolidation of Military and Security Power
- Iranian Society: Revival of Nationalist Discourse and Parameters of Internal Cohesion
- The 12-Day War: A Test for Gulf-Iran Relations
- The Houthis: Iran's Active Proxy in the Red Sea
- Iran's Scramble to Preserve Clout in Iraq
- Iran and the Dilemma of Disarming Hezbollah
- Strengthening Iran-Pakistan Relations After the 12-Day War
- The Fragility of the Ceasefire Agreement Between Iran and Israel
- Sino-Russian Relations With Iran: Tough Tests
- Europe's Role in Reinstating UN Sanctions on Iran
- Iran's Options Following US Strikes Against Its Nuclear Facilities

INTERNAL DEVELOPMENTS

The War and the Debate Over Comprehensive Reforms

The 2024 ASR anticipated that Masoud Pezeshkian's rise to power would prompt "reformists" to push his government to secure a breakthrough in rapprochement with the West, while "hardliners" would block any such effort. It can be argued that the events of 2025 unfolded within this framework, but what was not foreseen was Iran's entanglement in a disastrous war with Israel. That conflict reignited debate over the need for sweeping reforms and fundamental shifts in the government's domestic and foreign policies. This section therefore examines the context and implications of "reformist" demands, the significance

of the escalation in these demands after the war and the outcomes and future trajectories that may result, in light of the sharp divergences among Iran's competing political factions.

Context and Core Tenets of "Reformist" Calls

The Iran-Israel war gave rise to two dominant narratives inside Iran. One was a confrontational, hardline discourse advanced by "conservatives," who argued that the series of assassinations and the destruction of infrastructure and nuclear facilities required a shift in nuclear doctrine and a move toward acquiring a nuclear bomb. The other was a "reformist" discourse, promoted by the Reform Front, former officials, experts and intellectuals, calling for a radical overhaul

of the country's grand strategies and for comprehensive, structural reforms within the establishment. These "reformist" appeals were met with fierce attacks and accusations of disgraceful capitulation, treason, sowing division and undermining the state.

In a meeting between members of the Reform Front and President Pezeshkian, reform advocates urged fundamental change instead of continuing with their ideological differences, the adoption of a coherent national development strategy and engagement with the wider world rather than confrontation. They

stressed that national solidarity and the launch of negotiations could build consensus, strengthen internal cohesion, overcome paralysis and define a new strategic approach to governing the



Photo: Members of the Reform Front and Iranian President Masoud Pezeshkian

country. They explicitly called for an end to incremental, piecemeal reforms, for national reconciliation, for overhauling Iran’s administrative and employment structures and for laying firm foundations for broad social participation.⁽¹⁾

This front — made up of radical “reformist” parties calling for deep structural change and more moderate forces seeking gradual reform within the existing system — crystallized its demands in a statement issued on August 17, 2025. The document offered a post-war roadmap meant to avert Iran’s gradual collapse by tackling its overlapping crises, urging urgent and structural reforms in both domestic and foreign policy and setting out demands aimed at addressing the roots of the Iranian crisis.

On the domestic front, the statement called for a general amnesty and the release of all political prisoners, an end to rejecting and suppressing constructive criticism in order to rebuild national trust and close the gap between society and the ruling elite, a reorientation of official discourse toward national development, the dissolution of parallel power structures, the return of the armed forces to their barracks, a reassessment of internal security policies, freedom for the media, the abolition of censorship

and amendments to discriminatory laws affecting women’s rights.⁽²⁾

In foreign policy, the statement urged the mobilization of all available official and societal diplomatic channels to prevent the reactivation of the UN sanctions snapback mechanism against Iran — an effort that ultimately failed when the measure was triggered at the end of September 2025. Above all, it called on the government to voluntarily halt uranium enrichment to unlock a resolution of the nuclear crisis, to accept comprehensive IAEA oversight in return for the full lifting of sanctions and to embark on broad, direct negotiations with the United States.⁽³⁾

Alongside the Reform Front, former officials and prominent political figures issued similar appeals for change. Former President Hassan Rouhani, for instance, emphasized the need to craft a national strategy that genuinely reflects the people’s will and paves the way for comprehensive reform. Rouhani said, “We must move toward reform in political, economic, social and media affairs. We cannot remain unreformed. The people must see this reform after the 12-Day War.”⁽⁴⁾ His Foreign Minister Mohammad Javad Zarif likewise argued in an article for Foreign Policy, “a sustainable solution to regional crises requires a bold dip-

lomatic initiative and a shift in Iran’s approach from one based on threats to one focused on opportunities, by expanding its foreign relations, forging new partnerships and resuming dialogue with Europe and the United States.”⁽⁵⁾

Calls for reform have not been confined to “reformists” and former officials. A group of 180 economists and university professors in Iran has urged a “change in the prevailing model” across multiple dimensions of governance, proposing fundamental reforms to the political system — including ending the state media monopoly and releasing political prisoners — as prerequisites for safeguarding the country’s security, stability and development. They have also pressed the government to shield Iran through diplomacy and constructive negotiations with the United States and Europe.⁽⁶⁾

Demands for change have likewise surfaced among officials and political figures close to the establishment. Ali Akbar Velayati, an adviser to Supreme Leader Ali Khamenei, wrote in a widely shared X post that some official social approaches must be revised and that popular consent should become the central focus, saying that the people proved their worth during the war and that it is now the officials’ turn, and that

old methods are no longer adequate for a post-war society.⁽⁷⁾ Taken together, these developments point to an emerging near-consensus — at least among “reformists” and “moderates” — on the need for meaningful reform to break the current stalemate and address the structural crises that have burdened Iran for decades.

Significations of “Reformist” Demands

Iran is entering one of the most critical phases of its modern history. It has come under direct attack by Israel and the United States, suffering severe damage to its nuclear infrastructure and a sharp weakening of its military and deterrent capabilities after Israel systematically targeted its air defense and missile systems. These blows have badly shaken the establishment’s image and exposed the depth of its security vulnerabilities.

Beyond the war’s immediate fallout, the establishment has long been beset by structural crises that have eroded public confidence and undermined its political legitimacy. These crises are marked by layers of unresolved problems, an absence of clear vision, poor governance and a chronic economic malaise that could push the economy to the brink of collapse at any time — manifested in rampant inflation, stagnant production,

a sinking currency and accelerating capital flight. The scale of the risks revealed during the war with Israel has emboldened advocates of reform to advance more realistic, pragmatic approaches that tackle the root causes of Iran’s predicament, approaches that seek to answer a question Iranians have asked for years: is the way out to double down on hardline policies and a costly nuclear path — with all its domestic, regional and international consequences — or to pursue sanctions relief, overhaul the system of governance and return to constructive engagement with the outside world?

Under the weight of crippling economic sanctions, ongoing Israeli threats of renewed war and deep uncertainty over the future of its nuclear program, the Iranian establishment adhered to its recalcitrant approach in domestic and foreign policies. This led to the eruption of protests by late December 2025, spearheaded by prominent bazaar merchants in the capital, Tehran, and several other Iranian cities. Even if these protests subside, the establishment’s refusal to make concessions will likely reignite unrest. The establishment will then realize that it is too late to implement reforms capable of ensuring its survival. The popular support and solidarity that emerged during the

12-Day War with Israel would turn into fuel for mobilizing the people against the Wilayat al-Faqih ruling system.

Conclusion: Prospects for Stability, Reform and Escalation in Post-War Iran

Given the sharp divide over reform, “conservatives” are likely to tighten the security grip and suppress calls for openness and internal change, invoking national security to justify harsher control. This tendency is reinforced by Tehran’s mounting anxiety over the prospect of renewed war with Israel and potential domestic unrest.

The current “no war, no peace” limbo may therefore persist, unless Iran reaches an understanding with the United States on its nuclear program or Israel resumes large-scale strikes. To break out of this impasse, Tehran effectively has one remaining path: adopting a new form of “heroic flexibility,” akin to the formula the establishment embraced during the talks that produced the 2015 nuclear agreement.

So far, there is little evidence that Ayatollah Khamenei is ready to accept fundamental changes to the prevailing power structure. His August 2015 remarks about being open to amending or supplementing the foundations of the Ira-

nian republic do not necessarily signal a willingness to endorse radical structural reform. He may, however, accept limited reforms after the eruption of protests on December 8, 2025 — such as easing pressure on society by reaching understandings with the IAEA on inspections on authorizing the government to open negotiations with Washington, steps that could lay the groundwork for a new nuclear deal.

Iran’s Economic Interactions and Trends Post the 12-Day War

The 2024 ASR outlined five scenarios for the future of Iran’s economy, most of which have materialized as predicted, especially concerning financial, economic and living standard indicators. The report projected that the exchange rate would exceed 120,000 toman per dollar by the year’s end — a threshold that has now been reached — while several forecasts by international institutions have been surpassed by actual developments, a reflection of the rapidly evolving realities on the ground that this 2025 report now reevaluates.

By mid-2025, the Iranian economy had already weathered seven lean years since mid-2018, only to be struck not by a period of recovery but by devastating Israeli attacks that intensified and accelerat-

ed pre-existing structural crises. These strikes caused immediate financial losses amounting to tens of billions of dollars and triggered far-reaching economic, financial and social repercussions that extended through the end of 2025, casting a shadow over Iran’s future economic prospects. These setbacks also complicated efforts to achieve a new nuclear agreement and led to the reimposition of international sanctions — most notably European — further complicating an already fragile economic landscape.

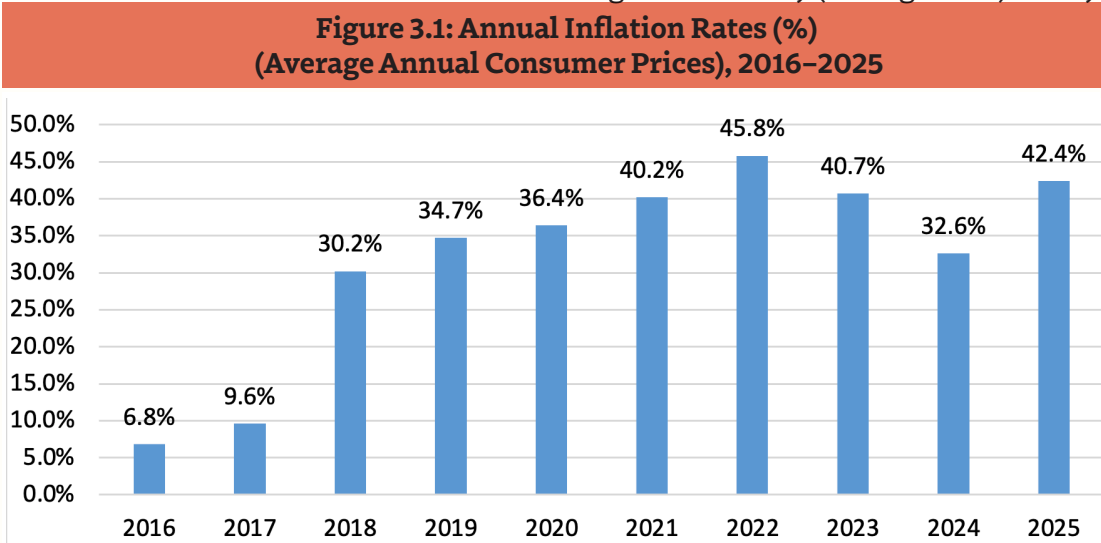
This section discusses two significant topics: first, analyzing key indicators of the economic situation immediately before and after Israeli strikes; and second, outlining the short-term trends of the

Iranian economy in light of the war’s aftermath.

Assessing the Economic Situation Before the Israeli Assault

The Iranian economy faced a critical situation in the first half of 2025, before the Israeli offensive, marked by chronic and accumulating crises after seven years of US energy and trade sanctions, compounded by regional geopolitical developments. The most notable of these crises were:

■ **High inflation and currency devaluation:** The Iranian toman experienced severe devaluation, losing about 95% of its value by mid-2025, which was the main driver of inflation — frequently surpassing 40% annually (see Figure 3.1). In key



Layout and design: Rasanah IIIS, 2025.
Data source: IMF (October 2025).

sectors such as food, housing, education and healthcare, inflation rates were often double the national average.

■**Stagnation:** The Iranian economy was marked by stagnant growth, high unemployment and rising poverty rates, with the middle class eroding rapidly. Real GDP growth barely exceeded 0.3%, indicating almost no economic progress. Unemployment was particularly acute among the youth, with nearly four out of 10 young Iranians out of work, and poverty rates climbed above 40%. The middle class, vital for economic, political and social stability, was shrinking at an annual rate of 11%.

■**Financial and environmental challenges:** Before the war, the government budget faced a deficit approaching 6% of GDP, driven by sanctions and falling oil prices. This forced increased domestic borrowing, money printing, subsidy cuts and higher taxes and service fees. Electricity generation capacity was limited, leading to frequent and prolonged power outages. Iran also faced its worst drought in 50 years, severely impacting agricultural output and sparking farmer protests, with concerns over displacement and relocation in Tehran. Additional issues included capital flight and brain drain, an aging population and declining

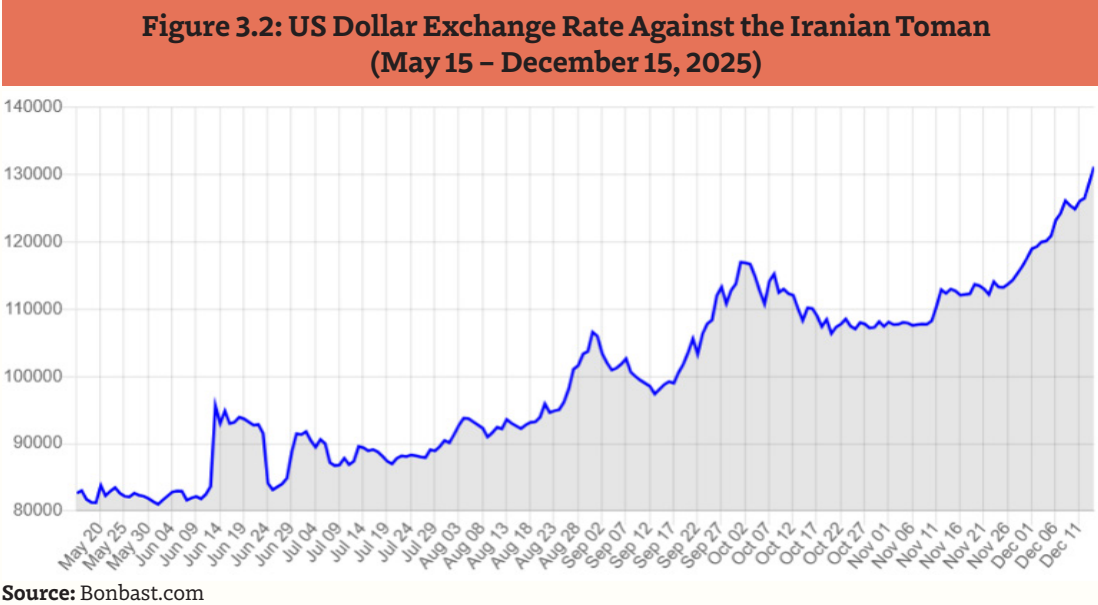
marriage and childbirth rates. The Iranian economy struggled to cope with these burdens even before the Israeli strikes intensified the crisis.

Immediate Repercussions for the Iranian Economy Following Israel’s Attacks

■ **A sharp deterioration in the currency’s value and the closure of financial markets:** The 12-day Israeli strikes, from June 13 to June 24, 2025, caused immediate and visible economic shocks, with the most prominent indicators being a sharp decline in the currency’s value and the closure of financial markets. The Iranian toman plummeted by more than 11% against the US dollar and

other currencies in the first days of the attacks, triggering market panic and pushing the price of \$1 to nearly 95,000 tomans (see Figure 3.2). The stock market dropped by about 4% on the first day, leading to the closure of the stock exchange for the duration of the war. Even after the war ended, the market continued to decline, recording its largest loss in history at 5% over just four trading days.

■ **Infrastructure and financial losses:** Israeli strikes inflicted severe infrastructure and financial losses, targeting critical economic facilities such as Phase 14 of the South Pars gas field, fuel distribution networks, power plants, railway lines and airports. Direct infrastructure



losses ranged from \$10 billion to tens of billions of dollars, not including damage to military and nuclear infrastructure or increased defense spending. Oil exports suffered as well, with about \$1.4 billion lost after 94% of export facilities were disrupted. Cyberattacks also targeted Iran's financial and banking systems, disrupting ATMs and major banks like Bank Sepah, as well as electronic fuel distribution systems.

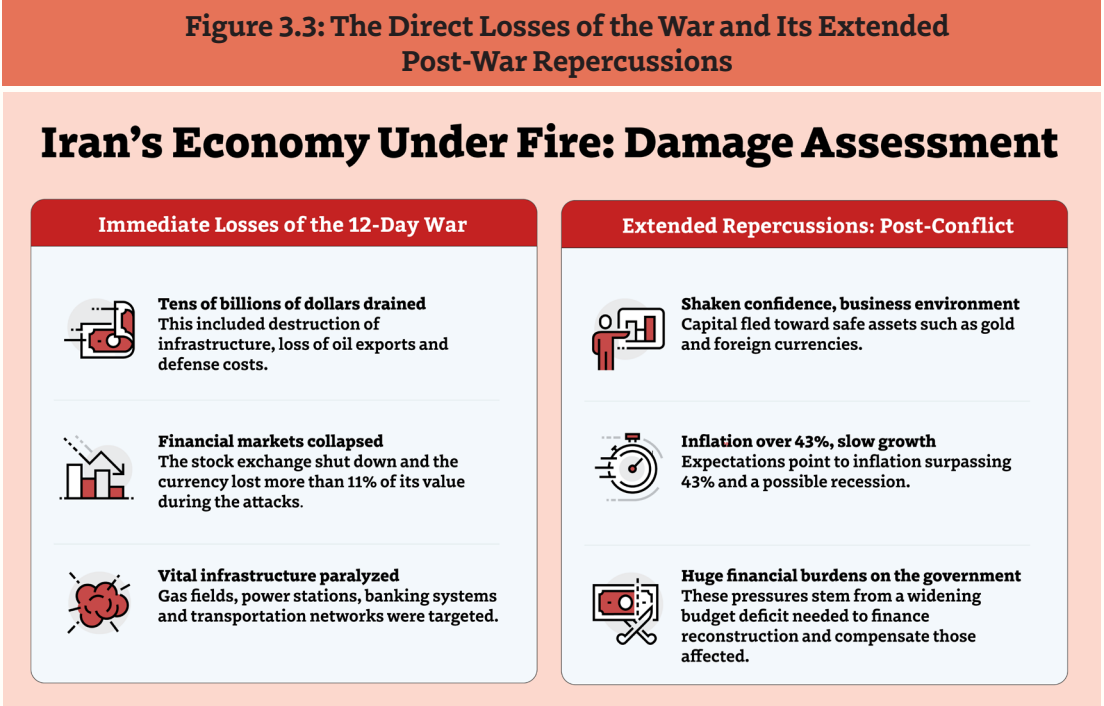
■ **Disruption of daily life and rising living costs:** Daily life was severely disrupted, with attacks paralyzing transportation, supply chains and essential

services, while flights were halted and prices — especially food prices — rose by 10% in June alone. The strikes caused the displacement of residents from Tehran, particularly near military sites, after nearly 4,000 homes and buildings were destroyed. Although the war concluded, its economic and social repercussions continued to affect the country, as detailed in the following section.

Conclusion: Short-Term Economic Trends in Light of the War's Repercussions

The repercussions of Israeli strikes on the Iranian economy extended beyond the ceasefire at the end of June 2025, persisting through the remainder of the year and likely exerting long-term effects on Iran's economic future. These effects are compounded by the ongoing complexity surrounding the nuclear agreement and the reimposition of international and European sanctions. The key features of these trends reflect how the war's aftermath continues to shape Iran's economic landscape as follows:

■ **Erosion of confidence and disruption of the business environment and economic growth:** One of the most profound economic impacts of the Israeli strikes has been a sharp erosion of confidence in the domestic economy. Concerns over renewed conflict with Israel — or potential escalation involving the United States under the Trump administration — continue to dominate the business environment. Since the cessation of hostilities, uncertainty has weighed heavily on currency and financial markets, prompting investors and capital owners to transfer funds abroad (capital flight) and seek refuge in safe-haven assets such as gold, real estate and foreign currencies. This speculative behavior has largely replaced direct investment. Current indicators suggest that this trend is likely to



persist in the near term. By mid-December 2025, the US dollar had surpassed 130,000 toman, while capital growth registered negative rates in the previous year (−4.8% in the summer of 1403 AH, March 2024/2025).⁽⁸⁾ This outflow of capital intensifies economic stagnation, coinciding with the reimposition of UN and European sanctions in the last quarter of 2025, potentially returning the economy to the unstable and complex conditions experienced in 2012.

■ **Currency depreciation and inflation:** Inflation is expected to rise due to supply-side pressures, limited signs of reversal and ongoing factors that fuel price increases, particularly sanctions

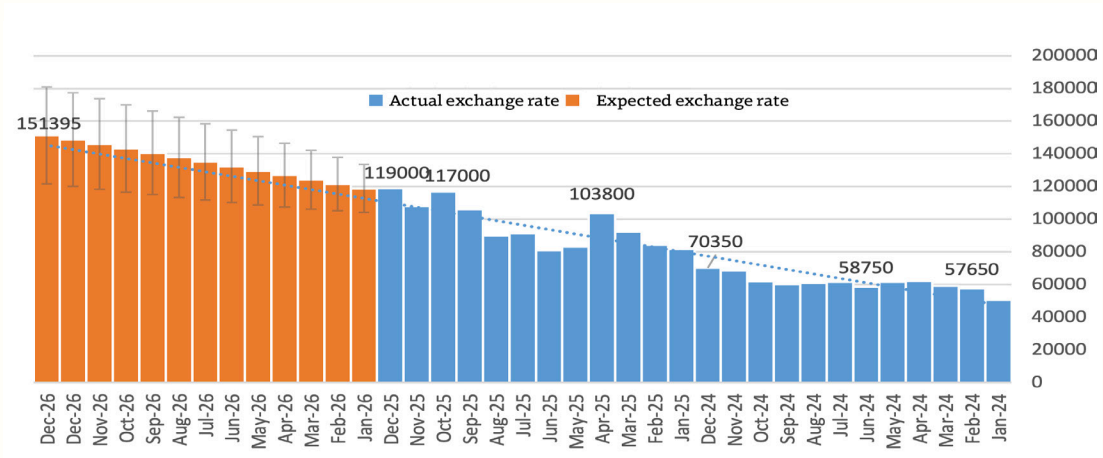
and the depreciation of the local currency against foreign currencies. By the end of the year, the exchange rate could average over 150,000 toman per dollar, potentially peaking at 180,000 toman. In an optimistic scenario, it could fall below 120,000 toman if conditions improve. This trend is illustrated in Figure 3.4.

■ **Growing budget deficit and rising financial burdens:** Israeli strikes are projected to place substantial financial strain on the state treasury in the foreseeable future, driven by defense, armament and reconstruction needs. This will expand the budget deficit (currently around 5% of GDP). Even before the strikes, more than \$200 billion had al-

ready been required to modernize aging infrastructure in critical sectors such as energy. Addressing these costs will likely come at the expense of other development priorities, including education, healthcare and infrastructure. The government may also be compelled to cut public spending, reducing subsidies on essentials such as fuel, electricity and currency, which would further lower living standards.

■ **Major risks and limited opportunities:** Prolonged capital flight poses a major risk, potentially triggering social unrest due to worsening economic and living conditions. This may undermine the state’s ability to provide basic services, including cash subsidies, electricity production and continuous water supply. Private sector employment could decline as informal trade and financial channels, including smuggling and black market activity, expand — particularly following renewed UN and European sanctions. Such conditions weaken the effectiveness of development spending, entrench the influence of vested interest networks and reinforce a more centralized, militarized economy, especially if the Islamic Revolutionary Guard Corps (IRGC) consolidates greater economic control following its prominent role in the conflict with Israel.

Figure 3.4. US Dollar to Iranian Toman Exchange Rate, Actual (January 2024–January 2025), Expected (January–December 2026)



Layout and design: Rasanah IIIS, 2025.
Note: Actual rates recorded on the first day of each month.

Table 3.1: Iran’s Key Economic Performance Indicators			
Indicator	2024	2025	2026
Population (in million)	86.6	87.5	88.4
Real GDP growth (%)	3.7	0.6	1.1
Annual inflation rate (percentage change in consumer price index (CPI) % change)	32.5	42.4	41.6
Foreign exchange rate (Tomans per USD at year-end)	81000	132000	*180000 -151000
Net inflow of foreign direct investment (FDI) (Billion USD)	1.36	2 - 1	2 - 1*
Average daily oil exports	1.6 - 1.5	**1.7	1.9 1.6-
Net current account balance (Billion USD)	13.3	6.4	7.5
Overall fiscal deficit (% of GDP)	-3.8	-4.4	-4.3
Gross Public Debt (% of GDP)	34	35.6	36.4
Unemployment (%)	7.6	9.2	9.2
Corruption Perceptions Index (CPI)	– Score: 23 out of 100 – Ranking: 151 out of 180 worldwide	-	-

Data sources: Tanker Tracker, Corruption Perception Index, IMF, UNCTAD.
*Rasanah’s estimates. **Iran’s oil exports exceeded 2 million barrels since October 2025.

Nonetheless, some limited opportunities exist. Current pressures could motivate “reformist” elites and civil society

to advocate for substantial economic reforms or pursue genuine reconciliation with neighboring countries and the

international community, unlocking latent economic potential and addressing the damage inflicted by years of sanc-

tions and conflict. The success of these opportunities depends on the political balance and the government's willingness to accept change. Even the partial lifting of sanctions could substantially improve economic conditions, particularly in the financial sector, through increased oil exports and an influx of investment and capital.

In conclusion, Israeli strikes have intensified the structural economic crises already affecting Iran. The continued depreciation of the currency, an unstable business environment, rising recession risks and growing fiscal pressures on the government all point to a further decline in the purchasing power of Iranian citizens, alongside heightened security concerns and social divisions that threaten both economic stability and establishment resilience. As long as stringent external economic sanctions remain in place, most economic indicators are unlikely to show meaningful improvement. Indeed, conditions may revert to the levels observed prior to the nuclear agreement. Relying solely on increased oil exports is insufficient to address the country's economic and financial challenges, particularly given falling international oil prices and persistent obstacles to transferring funds

into Iran. Achieving a nuclear agreement that results in even a partial lifting of sanctions represents the most substantial opportunity to gradually mitigate the nation's economic difficulties.

Intellectual and Religious Revisions in Iran

Following the 12-Day War on Iran by Israel and the United States, along with threats to assassinate the Iranian supreme leader, and taking into account the earlier deaths of key figures such as Ebrahim Raisi, Qassem Soleimani and Hassan Nasrallah, as well as the collapse of Shiite militias in the region, the question arises whether the Iranian establishment itself is facing the prospect of ideological and strategic revisions. This question naturally prompts inquiry into the leadership's ability to maintain the course of the revolution.

This section examines the possibility of such revisions through two main topics. First is the question of the post-Khamenei era, including the legitimacy of appointing a successor and the future of the Guardianship of the Islamic Jurist (Wilayat al-Faqih). Second are the fatwas issued during the war calling for the assassination of US President Donald Trump and the implications of these pronouncements for the establishment's

stance and strategy concerning ideological adaptation and revision.

The Question of Succession and the Future of Wilayat al-Faqih

Following the Israeli strikes on Tehran in June 2015 and the US-Israeli threats to target Supreme Leader Ali Khamenei, a debate emerged concerning his succession. The question of the supreme leader and his successor is highly sensitive in Iran, as the supreme leader represents the "Axis of Resistance" and core of the Iranian ruling system, and the doctrine of Wilayat al-Faqih forms the central theory underpinning the Iranian revolution. An attack on Wilayat al-Faqih would effectively signify the end of Iran as it currently exists. During the Israel-Iran war, Western reports indicated that Khamenei had identified three potential successors, from whom the Assembly of Experts would select one, given concerns that he might be targeted following US and Israeli threats against his life. Sources cited by The New York Times confirmed that Mojtaba Khamenei, the supreme leader's son, was not among the candidates considered to succeed his father.⁽⁹⁾

The most likely explanation for appointing successors is that this was a deliberate move by the Iranian estab-

lishment to send both domestic and international messages. Domestically, it was intended to demonstrate the strength of the Iranian system and its capacity to withstand and endure a prolonged conflict, suggesting that alternative leaders exist to guide the country, confront aggression and preserve the legacy of the Iranian revolution. This was seen as an attempt to prevent fragmentation and discord within the Shiite and Iranian communities during the war. Externally, it was a crucial message about the establishment’s resilience, its ability to govern and its capacity to appoint successors even at the height of the conflict. The message implied that the establishment would not fall simply because of the targeting of Khamenei or any other leader, as someone else would simply take up the same banner and follow the same path. A more hardline group might even assume power, potentially triggering a surge of extremism among loyalist Shiite Muslims worldwide. In this scenario, Khamenei’s targeting could have driven large segments of the Shiite population toward violence and jihad against US and Western interests. This message seems convincing to the US policymaker, who sees the presence of Khamenei and the current ruling

elite as beneficial to Western interests. It restrains the general Shiite population from engaging in direct violence against Western interests due to the existence of a centralized Guardianship of the Islamic Jurist leadership that shares the Shiite world with the Intizari tradition (awaiting the reappearance of the Imam). This is a reference to the Najaf religious establishment. This centralized leadership engages with the West and understands the red lines that cannot be crossed. Furthermore, his presence represents the aging of the establishment, and his continued rule perpetuates that aging. In other words, the continuation of the establishment in its current form means the continuation of the existing style of governance characterized by despotism, violence, economic failure and internal repression. Western reports in January 2025 mentioned Khamenei’s illness and preparations for Mojtaba Khamenei to succeed him, having been secretly chosen by the “clerics.” The Iranians rejected the US press reports, denying these as “rumors and allegations.” Ayatollah Mahmoud Mohammadi Araghi, a member of the Assembly of Experts, stated at the time that Khamenei had rejected a request from several members of the assembly to consider one of his sons for fu-

ture leadership positions. Iranians constantly reiterate that Khamenei remains firm in his opposition to any succession by his sons, and the Assembly of Experts respects this.

Regardless of potential successors to Khamenei — such as Ayatollah A’rafi, Mojtaba Khamenei, Hosseini Bushehri and others — all that preoccupies the ruling elite is the preservation of the ideology, the establishment, the state and the Guardianship of the Jurist. They remain largely unaware of the far-reaching strategic dimensions and existential threats to the system — not due to external pressures, but because of internal aging within the system itself and the emergence of new generations who do not subscribe to the Guardianship of the Jurist. These generations perceive the ruling elite merely as a despotic authority, indifferent to modernity or democracy, and usurping the people’s right to decision-making.

In this context, the question of ideological and strategic revisions was inevitable. “Reformists” sought to raise it as a step toward unifying the internal Iranian ranks. However, the “radicals” failed to capitalize on this opportunity, reverting instead to regurgitating the same entrenched and familiar discourse.

Fatwas Permitting Assassinations and Violence

Immediately after the Iran-Israel war, several religious authorities issued a fatwa calling for the assassination of Trump, labeling him an enemy of Islam. Other religious authorities issued a fatwa stating that the threat posed by the US president to target Khamenei constitutes waging war and shedding blood, “Whoever brings the head of the bastard Trump will be awarded 100 billion tomans (approximately \$1 million).”⁽¹⁰⁾

In an interview with Tasnim News Agency, Hojatolislam Saleh Mirzaei, a member of the Assembly of Experts’ leadership body, addressed the so-called *hirābah* (banditry/waging war against God) fatwa issued by a *marja’ al-taqlīd* against those who, in his words, had insulted Islam and threatened to assassinate the supreme leader. He stated that the Qur’an explicitly commands, “Then combat the leaders of disbelief.” He then proceeded to declare the permissibility of shedding the blood of Trump and European leaders, “From the perspective of the fundamentals of Islam, the blood of these individuals has no sanctity, and if a believer is able to avenge the blood of the martyrs and remove these threats from our country, then this act constitutes a religiously binding duty (*taklīf shar’ī*) upon him.”⁽¹¹⁾

On July 13, 2025, more than 400 members of the General Assembly of the Qom Seminary Schools signed a statement endorsing the marja’ al-taqlīd’s fatwa calling for the punishment of those who exhibited hostility toward, or threatened to assassinate, Khamenei — foremost among them Trump.⁽¹²⁾ This fatwa was issued in the context of amplifying Iran’s capabilities and restoring the image of the supreme leader within Iran’s collective consciousness and accumulated national memory, which had been severely shaken by the war.

Political figures echoed the same rhetoric. In an interview, Kamran Ghazanfari, a member of the Internal Affairs of the Country and Councils Commission, threatened to implement the religious authority’s fatwa calling for the killing of Trump. He stated that Khamenei himself had previously issued a fatwa calling for Trump’s killing, “The same Leader declared, during Trump’s previous presidential term, after Qassem Soleimani was assassinated on the orders of the American president, that the killer and those who issued the orders must be punished.”⁽¹³⁾ Accordingly, Trump himself is considered “blood-worthy” according to Khamenei’s fatwa. Iranian President Masoud Pezeshkian quickly attempted to explain the marja’s fatwa and denied any link to violence. He told

the Western press that the marja’s fatwa did not target Trump, but the “conservatives” rejected Pezeshkian’s interpretation of the fatwa and mocked him.

The truth is that it is unlikely that Iran would be directly involved in Trump’s assassination, as it understands the consequences and repercussions of such an act. Therefore, that fatwa may have been aimed primarily at restoring Khamenei’s tarnished public image, and perhaps serves as a pretext for an assassination or an assassination attempt carried out by individuals not directly affiliated with the Iranian establishment — similar to lone wolf operations. In any case, from this fatwa, which was issued in such a manner and apparently intended to reflect an internal consensus, we can conclude that the Iranian establishment may not be considering any strategic revisions after the war. It does not acknowledge defeat or failure in any domain and continues to uphold the validity and primacy of the Guardianship of the Jurist over all matters. Therefore, it can be said that Iran decided to continue after the war along the same path it had followed prior to the conflict.

Conclusion: Ideological Revisions’ Trajectories

Today, Iran is experiencing a phase of extreme weakness not seen since the rise

of the 1979 revolution. The Iranian leader and the first generation of the revolution have aged, yet they have been unable to implement any form of secure transfer of power, neither intellectually nor administratively and executively. At the same time, the forces in which Iran invested both ideologically and militarily — such as Hezbollah, Hamas and the Assad regime — have completely collapsed because of the Israeli war in the region.

Despite the growing internal and external challenges, the establishment has not undertaken ideological or practical reviews on the ground. This reflects not only a state of denial but also intellectual and generational aging — a pivotal, perhaps decisive, moment for the establishment given the current context. Consequently, it appears that the establishment neither desires nor is capable of conducting ideological revisions that would affect the structure of the Guardianship of the Jurist. Its inability stems from its old age, its grip on the reins of power and its fear of losing control over the state, wealth and influence — often framed in intellectual and sectarian terms.

Looking ahead, it can be said that the Iranian establishment is navigating a critical stage in its history, shaped by the aging of its key actors and their radical positions toward any intellectual revision.

Therefore, the crisis of the Iranian establishment persists, and the future of the theory of the Guardianship of the Jurist cannot be predicted with certainty in the current context. This uncertainty is linked to the need for a secure succession to the next leader, the consensus of internal actors on a specific successor and the absence of an external war that could precipitate the collapse of the entire ruling system. What is certain, however, is that the problem is internal, arising from the core of the establishment itself, which is no longer capable of conducting fundamental reviews and continues to follow its pre-war policies.

The Impact of War on the Consolidation of Military and Security Power

The 2024 ASR found that the military challenges confronting Iran that year — notably Israel’s military offensive against it in October 2024 and Tehran’s retaliatory launch of dozens of missiles — placed heavy strain on Iran’s military leadership, doctrine and overall combat and defense capabilities. The report predicted that the coming period would be marked by continued military challenges, a forecast that proved accurate when Israel began a 12-day campaign of intensive strikes on Iran starting on June

13, 2025. These attacks targeted the infrastructure of nuclear reactors, missile facilities and air defense systems.

Exhausted by the 12-Day War, Iran drew multiple conclusions from the conflict, including reassessments of its strategic partnerships, its overconfidence in its own military power and its weaknesses in counterintelligence and other areas. Despite the leadership’s efforts to maintain a façade of victory, serious gaps in the national security landscape became evident, requiring urgent and comprehensive remedies.

This section examines Iran’s efforts to rebuild its military strength after the war with Israel. Two main topics are examined: enhancing war preparedness, particularly through advancing defense systems, and the ongoing ambiguity surrounding the Iranian nuclear program.

Iranian Efforts to Rebuild Its Defense System

In September 2025, Iran launched a ballistic missile from the Imam Khomeini Space Center. The launch was never officially announced — an unusual departure from protocol — although photos and videos posted by residents of Semnan Province captured its visible impact at sunset. Satellite imagery from Planet Labs showed evidence of burn

marks on the launch pad.⁽¹⁴⁾ According to experts, the missile was most likely a solid-fuel ballistic type. “The night before last we tested one of the country’s most advanced missiles, which until now had not, so to speak, been trialed — and that test was successful. I mean to say that even under these conditions we are conducting a security test of an intercontinental-range missile,” said Mohsen Zanganeh, a member of Parliament, appearing on Iranian state television.⁽¹⁵⁾ By test-launching an ICBM, Iran is expanding its missile impact envelope to the United States. ICBMs are considered to have a range of around 5,500 kilometers. Experts seem to agree that the unclaimed missile test was of Zuljanah Space Launch Vehicle (SLV) in ICBM configuration and it can reach beyond 5,000 kilometers.⁽¹⁶⁾ The missile test did occur in isolation as Iran has started repairing and reconstructing damaged missile program-related sites, i.e., Shoroud and Parchin. Planet Lab imagery shows the removal of debris and the construction of new blocks on at least two sites. Although solid propellant mixers have not yet been installed, Iran is using stored fuel in its newly manufactured rockets.⁽¹⁷⁾

As per unnamed Israeli officials quoted in the media, Iran’s ballistic missile

cache and production plants suffered less than what was assumed at the end of the hostilities. With the help of North Korea, Russia, China and other allies, Tehran is reported to have restored the missile factories and production has returned to pre-June levels when its missile stockpile totaled over 2,000.

“This is a threat that Israel will not be able to accept for long, and we must coordinate with the Americans the red lines and actions we will take in the future, perhaps even in the near future,” the Israeli official reportedly told a journalist.⁽¹⁸⁾

For Iran, the perception of its expanding missile arsenal and fully operational production facilities serves to reinforce its deterrent posture — except in the case of its nuclear program, which has remained effectively paralyzed since the ceasefire declaration. Equipment that Iran has been unable to produce domestically now appears to be entering production lines in Russia.

According to leaked documents reported by a Ukrainian media outlet, 16 Su-35 fighter jets ordered in 2022 are scheduled for delivery between 2026 and 2027. The same outlet, citing published Russian documents, noted, “All the required equipment has been prepared according to export standards, includ-

ing English-language labels, technical passports in English, and the use of the Anglo-Saxon measurement system, in addition to the requirement that all components be newly manufactured. These indicators confirm that the products are intended for a foreign partner.”⁽¹⁹⁾ The report added, “All the documents identify the client as ‘K-10,’ but one document explicitly states that ‘K-10’ refers to Iran. This eliminates any doubt that the order is specifically for Iran and confirms that Russia is manufacturing the aircraft for it.” The Su-35 fighter jets are being built specifically for Iran, with all necessary parts supplied accordingly.⁽²⁰⁾

In a related development, two squadrons of Iranian air force pilots and technicians completed intensive training in Russia, marking a return to normal relations between Tehran and Moscow after a period of stagnation. Iran continues to depend on Russia for essential military systems, including radar networks, missile technology, tanks and other critical hardware. The key question that remains is whether Moscow will be willing to share the Su-35 fighters’ source code with Iran, allowing integration of Iranian systems with the aircraft — similar to the level of technological cooperation that the United States maintains with Israel.

Continued Ambiguity Surrounding the Iranian Nuclear Program

After Iran’s nuclear facilities were attacked in June, Tehran conditioned the resumption of IAEA inspections with the approval of the supreme leader. The agency was permitted inside once, to a single facility that was spared during the 12-Day War. “The Agency has not received nuclear material accountancy reports and updated design information questionnaires and has not had access to any safeguarded nuclear facilities in Iran, with the exception of the Bushehr Nuclear Power Plant,” IAEA Director General Rafael Grossi told the Board of Governors.⁽²¹⁾ Although snapback sanctions have returned, Russia and China refuse to comply with them. Some activity has been observed in the Natanz complex, which was attacked with earth-penetrating bombs by the United States. The fate of 406 kilograms of highly enriched uranium is unknown while suspicions about activities in a subterranean facility in Pickaxe Mountain, adjacent to the Natanz facility, are rife. The IAEA has no knowledge of the alleged network of facilities, which is assumed to run deeper than 100 feet. Iran’s nuclear posture currently remains ambiguous but it lacks the luxury of adopting nuclear opacity.

Conclusion: Diminished Power, Clandestine Recovery and Diverging 2026 Scenarios

The war has starkly exposed Iran’s vulnerabilities — from the weakness and ineffectiveness of its conventional forces to the erosion of its legitimacy and standing among both its citizens and allies. The risk of another confrontation with Israel persists, at least until Tehran returns to full compliance with the Nuclear Non-Proliferation Treaty (NPT) and its obligations to the IAEA. Time is not on Iran’s side; it is likely working to assemble a nuclear warhead beneath Pickaxe Mountain using its existing stock of 60% enriched uranium, or by enriching additional material in a clandestine underground facility.

Following the North Korean precedent, this path would require Tehran to conduct a nuclear test after formally notifying its withdrawal from the NPT. Such a move would place the United States and Israel — much like during previous strikes on Iranian nuclear sites — on high alert, with operational plans ready for immediate activation. If this scenario unfolds, Iran would find itself isolated, relying on a narrow circle of allies such as Russia, North Korea and Belarus, while provoking the resentment of its non-Arab neighbors, China and the

Arab states of the Middle East. Unlike Pyongyang, Tehran would not be permitted to maintain a covert nuclear deterrent. The alternative, though less probable, scenario envisions the resumption of negotiations with the United States and Iran’s full return to compliance with the NPT and IAEA requirements — potentially through a quiet understanding with Washington and Tel Aviv aimed at preventing war in exchange for lifting sanctions.

Iranian Society: Revival of Nationalist Discourse and Parameters of Internal Cohesion

The 12-Day War resulted in devastating repercussions for Iran, leading to widespread public fury toward Israel and the United States. In this context, Iranian authorities sought to revive nationalist rhetoric, leveraging the conflict’s aftermath and the unusual surge in popular support for the government to galvanize national sentiment, bolster internal unity and consolidate ranks against ongoing threats — particularly amid persistent Israeli warnings of potential renewed hostilities.

This section examines two primary developments: the marked escalation of nationalist discourse in Iran following the June 2025 war, its underlying causes

and diverse manifestations and the strategic role of this revived nationalism in fostering internal cohesion. It concludes with a forward-looking evaluation of the potential sustainability of this enhanced social unity through 2026.

The Escalation of Nationalist Discourse

Since the outbreak of the Israel-Iran war in June 2025, Iran's Supreme Leader Ayatollah Ali Khamenei had largely withdrawn from public view, delivering only pre-recorded addresses amid speculation that he was sheltering in a secure location. His first public appearance came on July 5, 2025, during a mourning ceremony on the eve of Ashura at the Imam Khomeini Hussainiya in Tehran. In a striking and unprecedented moment for many Iranians, Khamenei personally urged the prominent *maddah* (religious eulogist) Mahmoud Karimi to perform "Ey Iran" (O Iran)⁽²²⁾ — a patriotic anthem composed in 1944 and long associated with Iranian nationalism, which gained renewed prominence after the 1979 revolution. On such occasions, religious elegies are recited. He also launched a campaign called "The Voice of Iranian Nation" on his official website.⁽²³⁾

In addition, Iranian authorities embraced a novel propaganda strategy

that prominently featured pre-Islamic national symbols alongside traditional Shiite motifs and imagery from ancient Iranian history. Examples included billboards portraying the epic hero Rostam in combat with an "American dragon," the high-profile installation of a statue of Arash the Archer in Tehran's Vanak Square and mobile trucks equipped with large screens circulating through the capital's streets to exalt figures and emblems from Iran's pre-Islamic heritage. State media further depicted the conflict as a valiant resistance against foreign aggression, thereby striving to solidify a narrative of national triumph.⁽²⁴⁾

It appears that Khamenei — who typically avoids nationalist rhetoric in his statements and public speeches — sought to transform the 10th night of Muharram into a platform for mobilizing national sentiment, ensuring public rallying around the establishment to repair its legitimacy, which has eroded significantly over recent years. More importantly, this move aimed to thwart the schemes of Israeli Prime Minister Benjamin Netanyahu, who had incited the Iranian public to rise and topple their government.

This new orientation in Iranian policy demonstrated that national identity remains a powerful force for social mobili-

zation, as evidenced by popular support and rallying around the establishment against "external aggression." This, in turn, helped quell any internal tensions that might have weakened the country and lent legitimacy to the coercive measures, repression campaigns and use of violence by the Iranian authorities — against alleged spies and those implicated in supporting Israeli plans inside Iran — under the pretext of defending the homeland. These measures resulted in the arrest of approximately 21,000 suspects.⁽²⁵⁾

The Role of the Nationalist Discourse in Enhancing Internal Cohesion

The establishment has long relied on nationalist discourse, particularly during crises and periods of challenge. However, the unprecedented threats Iran faced during the 12-Day War, coupled with fears of renewed internal unrest, appear to have compelled the establishment to deploy this discourse intensively through official and media statements. The engagement of certain segments of Iranian society with nationalist rhetoric — and their rejection of Israeli attacks, even among some opponents of the establishment and its policies — revealed the profound influence of Iranian history, culture and identity, and their role

in reinforcing feelings of loyalty and belonging to their country.

It is worth noting that these national sentiments had significantly declined as a result of the establishment’s policies, which had focused on revolutionary discourse centered on the doctrine of Wilayat al-Faqih, resistance to Western “arrogance,” support for the “oppressed” worldwide, exporting the revolution and mobilizing the Iranian people toward an ideological framework that is outward orientated, with limited attention to Iran’s national and historical dimensions.

Despite praise from numerous Iranian academics, scholars and prominent figures for what they described as the “victory of nationalism” during the war, the post-war period witnessed intense debate over the scale of Iran’s crises, which could pose serious obstacles to internal cohesion if not addressed in a fundamental manner. These crises include social, psychological and health challenges such as rising divorce rates, declining marriage, hijab-related issues, widespread illiteracy and emigration; deteriorating economic conditions; soaring poverty rates estimated by the World Bank at around 36%, with some 7 million people living below the poverty line;⁽²⁶⁾ inflation exceeding 50%;⁽²⁷⁾ un-

employment; drought; power outages; environmental pollution; the spread of diseases and epidemics; and political dilemmas related to ethnic and religious minority issues.

All of this is compounded by escalating internal divisions and disputes since the end of the 12-Day War, prompting Iranian President Masoud Pezeshkian to warn of their grave repercussions for Iran. He stated explicitly that he fears internal divisions and fragmentation more than he fears the United States and Israel.⁽²⁸⁾ He called for preserving the cohesion achieved during the war by avoiding anything that could inflame divisions, fracture unity or ignite crises between the people and the government — such as reopening the hijab issue and chastity codes — and urged a focus on strengthening social, economic, health and educational justice.⁽²⁹⁾ This amounted to a direct appeal by Pezeshkian to “hardliners” not to insist on enforcing divisive issues that could transform popular rallying support for the government during wartime into resentment, potentially returning Iran to a cycle of protests and violence — particularly at this critical juncture, when Israel warns of renewing the war. After only two months of Pezeshkian voicing his concerns, protests hit the streets again due to deteriorating living

conditions, rising inflation and a sharp decline in the national currency. Iranian security forces used violence to suppress the protests, resulting in deaths and injuries. This crackdown risked further eroding the government’s legitimacy and its ability to rally nationalist sentiment in the event of new attacks from Israel, the United States, or both. As the December 2025 protests continued into 2026 amid ongoing economic hardship and heightened threats of foreign military action, any escalation in unrest — or the emergence of new demonstrations against the establishment — could prompt security authorities to employ even greater force, severely undermining prospects for maintaining social cohesion and broad popular support for the establishment.

Conclusion: A Forward-Looking Assessment of the Sustainability of Iran’s Internal Cohesion in 2026

The Iranian government’s adoption of nationalist discourse had a significant impact in achieving a degree of internal cohesion during the 12-Day War, thereby thwarting plans to turn Iranian public opinion against the government. Nevertheless, the unity displayed by the Iranian people in response to the attacks and assassinations the government endured

during the war should not be construed as support for the establishment but as a popular rejection of external aggression. It is also important to note that the government's appeal to nationalist sentiment was a largely symbolic, tactical and temporary measure, rather than a genuine desire to alter policies or objectives.

As long as external threats persist amid ongoing ambiguity surrounding Iran's nuclear program, the establishment is likely to continue relying on nationalist discourse to maintain legitimacy. However, amid escalating domestic challenges, persistent economic crises and severe pressures from inflation and soaring prices, the protests — initially sparked by bazaar merchants in late December 2025 — are expected to intensify and spread nationwide. These demonstrations, bolstered by public statements of support from Trump and Netanyahu criticizing the establishment's handling of dissent, risk eroding the social cohesion that Iran achieved during the 12-Day War in June 2025, particularly as authorities have resumed suppressive measures, including the use of force against protesters.

IRAN'S POLICIES TOWARD ARAB NEIGHBORS

The 12-Day War: A Test for Gulf-Iran Relations

The March 2023 agreement to resume Saudi-Iran relations marked a turning point, shifting the region from open confrontation to a tentative phase of de-escalation and cooperation. It quickly became a reference point for assessing Gulf-Iran ties. Before the accord, tensions were pronounced, especially over Yemen and the Red Sea, compounded by Tehran's backing of armed groups undermining Gulf security. During 2024, a

relative truce emerged, with diplomatic channels opening and escalatory rhetoric declining.

Yet 2025 brought renewed challenges; most prominently, the 12-Day War between Iran and Israel and Tehran's response to the US strike on Al Udeid Air Base. These events highlighted uncertainties over Iran's reliability and raised questions about whether the rapprochement could withstand regional escalation. Today, Gulf-Iran relations balance between the gains of calm and the management of new risks, influenced by the Gaza war, Iran-Israel tensions, the "Axis



of Resistance” and internal Iranian crises. This part examines three topics: the Saudi defense minister’s Tehran visit, Iran’s targeting of Al Udeid Air Base and the UAE islands crisis.

Significations of the Saudi Defense Minister’s Visit to Tehran

On April 17, 2025, Saudi Arabia’s Minister of Defense Prince Khalid bin Salman conducted an official visit to Tehran, delivering a message from the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud to Supreme Leader Ali Khamenei. The meetings included Iran’s Armed Forces Chief of Staff Major General Mohammad Bagheri, who was later killed in an Israeli airstrike, as well as Iranian President Masoud Pezeshkian and the secretary of Iran’s Supreme National Security Council. The visit held significant strategic implications, which are analyzed as follows:

Context and Timing

The visit represented a key milestone in Saudi-Iranian rapprochement, taking place amid a complex regional and international environment. It demonstrated the kingdom’s commitment to consolidating reconciliation while insulating it from tensions involving Iran, Israel and the United States. At the same time, Iran faced mounting pressures from the

IAEA, intricate negotiations with Washington, heightened Israeli activity in Syria and the waning influence of the “Axis of Resistance.” These challenges created growing risks, prompting Tehran to engage in regional measures aimed at defusing tensions and avoiding further escalation.

Outcomes

The visit’s most significant outcome was the establishment of a direct, high-level communication channel between Riyadh and Tehran, aimed at preventing miscalculations amid heightened regional and international tensions. Additionally, the message delivered by the Saudi king to Iran’s supreme leader highlighted Saudi Arabia’s commitment to diplomacy and dialogue, emphasizing the kingdom’s determination to sustain a conciliatory approach. This dedication to the 2023 Beijing Agreement demonstrates the ability of both sides to safeguard their bilateral relations from the pressures of broader international rivalries.

Strategic Dimension

The announcement of the visit, its attribution to the Saudi king and the supreme leader’s reception of the Saudi defense minister underscored the event’s significance and the mutual intent to normal-

ize relations. Moreover, the involvement of Iran’s highest authority signaled that rapprochement with the kingdom is not merely a tactical gesture, but a strategic priority for both nations.

Iran’s Attack on Qatar’s Al Udeid Air Base

On June 23, 2015, Iran targeted several US bases, including Al Udeid Air Base in Qatar, during its confrontation with Israel and in retaliation for the US strike on Iranian nuclear facilities. While Tehran framed the operation as a symbolic act to safeguard its domestic image and contain escalation, the Gulf states considered it a violation of Qatari sovereignty and international law, breaching principles of good-neighborliness, particularly given Doha’s longstanding role as a mediator from which Iran had previously benefited.

Context and Circumstances

Qatar, through Prime Minister and Foreign Minister Sheikh Mohammed bin Abdulrahman Al Thani, condemned the strike on Al Udeid Air Base, describing it as unacceptable and contrary to the principles of good neighborliness.⁽³⁰⁾ The IRGC claimed responsibility, stating the operation was authorized by the Supreme National Security Council. Tehran framed the message to Washington and its allies

as a warning that any breach of Iranian sovereignty would be met with retaliation. The attack, named Operation Glad Tidings of Victory,⁽³¹⁾ used missiles similar to those employed by the United States in strikes on Iranian nuclear sites, and Iran insisted it did not endanger Qatar.

The GCC Response

The secretary-general of the Gulf Cooperation Council (GCC) condemned Iran's missile strike on Qatar,⁽³²⁾ calling it a clear violation of Qatari sovereignty and a setback to the recent trend of improved regional relations. Saudi Arabia similarly denounced the attack, describing it as a blatant breach of international law and the principles of good neighborliness, unacceptable under any circumstances, according to the Foreign Ministry.⁽³³⁾ The statement highlighted Iran's contradictory approach, which balances its commitments to de-escalation and regional reconciliation against geostrategic calculations that undermine the interests of the Gulf states.

Security Aspects Over Understandings

Although the attack had limited military impact and many missiles were intercepted by air defenses, it was largely seen as a symbolic, face-saving measure offered by Washington to Tehran to prevent further escalation. Neverthe-

less, it raised questions across the Gulf about the reliability of assurances and agreements with Iran, despite Pezeshkian calling the Saudi crown prince the following day to clarify the situation.⁽³⁴⁾ The incident heightened fears over the growing threat of uncontrolled missiles and underscored how security considerations take precedence over agreements. Furthermore, it revealed how quickly commitments can be abandoned. Consequently, the Gulf states have been compelled to redefine their red lines and strengthen joint defense systems and regional security integration. The episode was followed by a similar Israeli transgression on Qatari territory, emphasizing ongoing regional vulnerabilities.

The Crisis of the UAE Islands

The joint statement from the European Union–Gulf Cooperation Council (EUC) summit in Brussels on October 10, 2025, concerning the UAE islands, provoked strong reactions from Iran. Paragraph 51 of the statement called on Tehran to end its “occupation” of Greater Tunb, Lesser Tunb and Abu Musa, asserting that Iran's control of these islands violates UAE sovereignty and contravenes the UN Charter. The council expressed serious concern over the lack of progress in resolving the dispute and reaffirmed its

support for a peaceful resolution, either through bilateral negotiations or referral to the International Court of Justice, in line with international law and UN principles.⁽³⁵⁾

The Iranian Response to the Joint Statement

Iranian Foreign Minister Abbas Araghchi rejected the accusations by the GCC and the European Union (EU) regarding the occupation of Greater Tunb, Lesser Tunb and Abu Musa, describing them as baseless and affirming that the islands have always been, and will remain, part of Iran. He criticized Europe for maintaining a confrontational approach despite numerous talks with Iranian officials, stating that its role in regional destabilization through divide-and-rule tactics ended long ago. Araghchi's unusually sharp response reflected the pressures Iran faces, particularly following Europe's activation of the snapback mechanism, which reinstated UN sanctions predating the 2015 nuclear deal. Tehran accused European countries of siding with Washington to pressure Iran into nuclear concessions and viewed the Gulf states' engagement with Europe as an attempt to weaken Iran's position, despite their previous support for Iran and

condemnation of Israeli strikes on Iranian territory.

The Growing Gulf Role and Its Impact on Iran's Policies

The growing alignment between the Gulf states and Europe on key issues, particularly the Palestinian question, demonstrates the increasing geopolitical and geoeconomic influence of the Gulf in Europe's strategic calculations and on the global stage. This alignment advances Gulf interests and strengthens the GCC's international role, while simultaneously placing pressure on Iran's regional and policy approaches. The Gulf states advocate a negotiated and rules-based approach, emphasizing adherence to international law, dialogue and de-escalation. They seek for Iran to recognize evolving regional realities and the extent of Gulf influence, avoiding approaches that prevent both sides from benefiting or resolving Iran's challenges. Without Tehran reassessing the Gulf's growing influence, the future trajectory of Gulf-Iran relations remains uncertain. The Gulf's active engagement with international partners has disrupted Iran's previous strategy, limiting its ability to exploit the Palestinian cause, particularly after the setbacks to its "Axis of Resistance." Iran-linked media

outlets intermittently attempt to distort the Gulf's positive international image, accusing Saudi Arabia of pursuing gratuitous normalization with the "Zionist regime,"⁽³⁶⁾ even as Riyadh has successfully forged unprecedented international consensus on recognizing the State of Palestine and advancing the two-state solution, thereby challenging Tehran's traditional narrative on the Palestinian question.

Conclusion: Gulf-Iran Relations in 2026

Current assessments of Gulf-Iran relations indicate that the 2023 Beijing Agreement has yet to evolve into a framework for sustainable stability, functioning instead as a tool for managing tensions rather than resolving longstanding issues. The 12-Day War and nuclear-related pressures have severely tested the consistency of Iran's conduct toward the Gulf states. Despite sustained high-level diplomatic engagement and the Gulf states' commitment to keeping dialogue open — as reflected in the Saudi minister of defense's visit to Tehran and the collective condemnation of Israeli violations of Iranian territory — Iran's on-the-ground actions, particularly the bombing of Al Udeid Air Base in Qatar, reaffirm that its security priorities con-

sistently override diplomatic commitments. Tehran's inconsistency is further evident regarding the UAE islands, as it claims to pursue improved regional relations yet responds to Gulf demands on UAE sovereignty with escalatory rhetoric, linking these issues to its disputes with the international community. Iran's refusal to engage international bodies or conflict-resolution mechanisms reflects internal anxieties and external pressures, prompting Tehran to exploit such disagreements as a mobilization tool. The Gulf states' relations with Tehran have now entered a delicate juncture, requiring investment in de-escalation to bolster development and economic stability while simultaneously demanding strategic caution and collective preparation for enhanced missile deterrence to safeguard sovereignty and vital interests.

Overall, 2025 dynamics suggest that cautious coexistence will define the next phase, with the Gulf's rising political, economic, development and energy influence contrasting sharply with the erosion of Iran's power, exerting pressure that necessitates strategic recalibration. At the same time, Gulf measures support the likely trajectory of relations: promoting progress while integrating deterrent

security precautions to prevent setbacks from any regional crises.

The Houthis: Iran's Active Proxy in the Red Sea

In our 2024 ASR, we highlighted that in 2025 Iran would aim to preserve the Houthis' influence over Yemen's political landscape, seeking to prevent any international measures, particularly from the Trump administration, that might weaken their role as a key Iranian bargaining instrument. We also observed the potential for the Houthis to accept tactical, phased peace initiatives. This is reflected in the ceasefire deal between the United States and the Houthis, which Iran supported. Under the agreement, the Houthis were obliged to de-escalate tensions in the Red Sea and cease attacks on international shipping in return for a suspension of US strikes that had significantly affected their presence.

Nevertheless, the Houthis' continued escalation in the Red Sea, framed as "supporting Gaza," effectively stalled the Yemeni political process for a second consecutive year. This escalation has afforded them considerable maneuvering space, allowing them to postpone internal peace initiatives under the pretext of confronting Israel. By alternating between tactical de-escalation and calcu-

lated escalation, consistent with Iran's long-term strategy, the Houthis resumed their intensified rhetoric against the kingdom once the Red Sea pretext ended and the Gaza war subsided. The STC's escalation toward the eastern governorates threatened to deepen and complicate the Yemeni crisis. However, Saudi Arabia intervened decisively, restoring stability to the provinces outside Houthi control.

Accordingly, this part examines the Houthis' evolving tactics, their sustained strategy in the Red Sea, intensifying Houthi rhetoric toward Saudi Arabia, Iran's ongoing efforts to consolidate influence in Yemen, the dimensions of the STC escalation and the Saudi role in restoring stability to the Yemeni conflict-affected governorates. It concludes by assessing prospective developments across Yemen's political and security dynamics in 2026.

The Houthis' Evolving Tactics and Steadfast Strategy in the Red Sea

In the first half of 2025, the Houthis transformed the Red Sea into a zone of heightened military escalation, executing multiple attacks on commercial and cargo vessels using explosive-laden boats, naval drones and cruise missiles, citing support for Gaza as justification.

These operations caused civilian casualties and heightened international concerns over maritime security. In retaliation, Israel targeted several Houthi military sites and other strategic locations in ports under their control. Among the most notable airstrikes was the August 28, 2025 strike on a Houthi cabinet meeting, which killed the Houthi prime minister and 12 ministers, while injuring others.

Earlier in 2025, the United States had officially designated the Houthis as a terrorist organization. This was followed by an unprecedented, intensive US military campaign in mid-March 2025. The escalation from both sides ultimately led to an agreement on May 6, 2025, halting US attacks. While this deal helped reduce the intensity of Houthi assaults on international shipping, it did not entirely halt military operations in the Red Sea, as Israel and its associated vessels were excluded from the agreement.⁽³⁷⁾

The Houthis have adopted a strategy of de-escalation toward the United States and international commercial shipping in the Red Sea, while simultaneously escalating tensions with Israel in a manner that minimizes direct repercussions for themselves. This approach aligns with Iran's long-term regional strategy, as the Houthis are now among

Iran’s most significant instruments of influence, especially following the weakening of Hezbollah and the fall of Bashar al-Assad’s regime. Their capacity to affect Red Sea security, combined with a tactic of phased de-escalation and calculated escalation, provides Iran with valuable geostrategic leverage over key international maritime routes and global trade, reinforcing its position in regional disputes and enhancing its negotiating power in sanctions-related talks.

Houthi operations in the Red Sea have also given them substantial room to delay political processes and peace initiatives in Yemen. They have converted their maritime attacks into a tool for maintaining political advantages, prolonging Yemen’s state of political stagnation throughout 2025. By exploiting waning international attention on Yemen’s internal crisis and the suffering of its people, the Houthis have ensured that global focus remains on maritime security rather than on implementing a comprehensive political settlement, which remains essential for Yemen’s stability and the security of international navigation.⁽³⁸⁾

Escalating Anti-Saudi Arabia Rhetoric

After the ceasefire in Gaza and the end of the pretext for escalation in the Red Sea,

the Houthi militia gradually intensified its media campaign against Saudi Arabia. On November 8, 2025, acting under the direction of the Houthi Ministry of Interior, they announced the capture of a purported spy cell allegedly working for US, Saudi and Israeli intelligence, claiming its members had received advanced training within Saudi territory. At the same time, the Houthis reinforced military deployments along the Saudi border and front lines, coinciding with a sharp rise in anti-Saudi media rhetoric. This combination of heightened propaganda and border militarization underscores their intent to maintain political leverage and delay progress in the Yemeni peace process. With the Red Sea escalation pretext removed, the Houthis aimed to establish a new military reality, pressuring Saudi Arabia and the Yemeni government to accept a roadmap that would grant them full control over northern Yemen while marginalizing the legitimate authorities.

Iranian Moves to Enhance Clout in Yemen

Alongside the escalation of Houthi rhetoric against Saudi Arabia, the military platform Defense reported that Iran had redeployed IRGC Commander Abdul Reza Shahlai to Sana’a. Officially, his

return aimed to oversee the mitigation of security and military consequences from Israeli strikes that killed senior Houthi leaders.⁽³⁹⁾ In practice, however, this move reflected Iran’s effort to exercise direct control over the Houthi dossier, transforming Yemen into a regional hub to compensate for its waning influence elsewhere, through oversight of Houthi security, military ranks and political orientations. Shahlai’s redeployment aimed to remove disloyal members from the Houthi leadership through what some sources describe as a “purge” within the Houthi intelligence apparatus. This was implemented under Ali Hussein al-Houthi, son of the group’s founder and nephew of Abdul Malik al-Houthi.⁽⁴⁰⁾ This initiative sparked internal conflict, gaining support from the new Houthi Chief of Staff Youssef al-Madani but clashing with Abdullah al-Ruzami, a senior leader outside the Houthi lineage with longstanding military influence. Ruzami’s forces have remained entrenched for eight years in Sana’a, maintaining a special office to manage citizens’ affairs, resolve disputes and block court cases involving any parties connected to his office.

Meanwhile, another Houthi faction has surfaced under Abdul Karim al-Houthi, the interior minister and uncle

of militia leader Abdul Malik al-Houthi. This faction aligns with the Houthi security and intelligence apparatus, led by Abdul Karim al-Khiwani, which has been identified as the primary target of the IRGC's purge. The Houthi leadership holds the Houthi security and intelligence apparatus accountable for Israeli infiltrations that struck sensitive locations, including one of Abdul Malik al-Houthi's hideouts.⁽⁴¹⁾

These developments highlight the Houthis' reliance on a consistent dual strategy of escalation and de-escalation, designed to serve their interests while strengthening the faction most loyal to Iran. The militia continues to represent Iran's most effective strategic instrument in the region, and Tehran remains determined to consolidate its influence through the Houthis within broader regional and international power dynamics.

STC Escalation and Saudi Arabia's Role in Restoring Stability to Yemen

In an irresponsible move that violated the authority of Yemen's internationally recognized government, UAE-backed Southern Transitional Council (STC) forces launched a large-scale military offensive against the eastern Yemeni governorates in early December 2025. They

seized control of extensive areas in the governorates of Hadramawt (bordering Saudi Arabia) and Al-Mahra (bordering Oman), capturing key military camps of the legitimate Yemeni government. Led by President Aidarous al-Zubaidi and his deputies Abu Zar'a al-Muhrami and Faraj al-Bahsani, the STC ignored repeated calls from the internationally recognized government and the Saudi-led Arab coalition to withdraw its forces from the newly seized governorates. The advance was deemed dangerous, threatening Yemeni national unity and endangering the stability and security of Yemen, Saudi Arabia and the wider region.

As risks mounted, the Arab coalition conducted limited airstrikes targeting two ships carrying weapons and heavy vehicles from the ports of Fujairah to Mukalla, after implementing all necessary measures to safeguard civilians and port workers.

The Saudi Ministry of Foreign Affairs issued a statement confirming that the UAE had exerted pressure on the STC to advance its forces toward Saudi Arabia's border. The statement emphasized that Saudi national security is a red line and urged the UAE to promptly comply with the internationally recognized Yemeni government's demands: withdrawing

UAE forces from Yemen within 24 hours and ceasing all financial and military support to any Yemeni faction.⁽⁴²⁾

These events were followed by the decisive field phase, in which Homeland Shield forces affiliated with the internationally recognized Yemeni government — supported by Arab coalition air cover — entered the fray and rapidly liberated all areas that had fallen under the STC's control.

What raises numerous questions about the STC's suspicious maneuvers is not merely their unilateral nature, their deviation from the legitimate framework of the Yemeni government and the resulting threats to Yemen's security and stability; the greater danger lies in their close linkage to external agendas that support all separatist projects in the region — particularly as Israeli media reports have revealed commitments by STC leaders to open up to normalization with Israel in exchange for Tel Aviv's backing of the separatist project led by the STC. This poses a real threat not only to Saudi national security but also to the security of the broader region, the Arabian Gulf and the Red Sea, positioning the STC as a gateway for menacing the kingdom's security.⁽⁴³⁾

Conclusion: Yemen’s Path Forward in 2026

In 2025, the Houthis sustained their political and military influence by threatening Red Sea navigation and carrying out attacks on Israel. These actions diverted international attention and that of key stakeholders from Yemen’s internal situation, contributing to a persistent stagnation of the country’s political process. Saudi Arabia’s intervention — aimed at protecting Yemen’s security and stability from external threats — represents a pivotal turning point in the Yemeni crisis. It will strengthen cohesion among the components of the internationally recognized Yemeni government and unify efforts to confront Houthi violations.

As a result, the political deadlock in Yemen is expected to continue into 2026, with the Houthis further consolidating their position, underpinned by Iranian support. They are likely to continue leveraging threats against Saudi Arabia and Red Sea security as bargaining tools for political maneuvering, securing domestic backing and deepening internal divisions to advance their objectives. This situation will persist unless regional and international actors adopt a coordinated strategy to support the legit-

imate government, unify its ranks and revitalize Yemen’s peace process.

Iran’s Scramble to Preserve Clout in Iraq

The 2024 ASR anticipated a waning of Iranian influence in Iraq, a trend that became apparent in 2025 through a measurable reduction in Tehran’s sway over Iraqi decision-making. This development coincided with successive indications that the Iraqi government was recalibrating its foreign policy, moving toward a broader diversification of external partnerships.

These shifts unfolded as the Middle East entered a new phase marked by a strategic impasse for Iran. Tehran’s previously consolidated regional power has eroded, and with the collapse of Bashar al-Assad’s regime, the so-called Iranian land corridor — long a central lever of Iran’s regional geopolitical project — has been effectively severed. As a result, Iran has been pushed into a defensive posture amid mounting US pressure aimed at curtailing its influence in Iraq, following earlier campaigns in Syria, Lebanon and Yemen.

Against this backdrop, this section discusses three key developments: Iran’s strategy to preserve its gains in Iraq; US policies to reduce Iran’s influence in

Iraq; the outcomes of Iran’s approach alongside the impact of US pressure.

Iran’s Strategy to Safeguard Its Gains in Iraq

To safeguard its influence — particularly as Iraq emerged as the next focal point in a broader US-Israeli strategy aimed at dismantling Iran’s regional reach — Tehran moved to shape the Iraqi arena by designating its military arm there as a red line and by treating Iraq as a pivotal theater in its expansionist project. This approach was reflected in several measures, most notably the following:

■ **Integration of the PMF into the army.** In early 2025, Iran advanced a proposal for the Iraqi government to issue a decree incorporating PMF fighters into the regular army, covering administrative arrangements, command structures, uniforms, financial affairs and military decision-making.⁽⁴⁴⁾ The move was designed to preempt US pressure to dissolve the PMF and to secure its status as a fully embedded component of the armed forces before Baghdad could be compelled to acquiesce to US demands that might weaken or dismantle it. This initiative underscored Iran’s insistence on preserving the PMF as an untouchable red line, a stance reinforced by Supreme Leader Ali Khamenei during his January

2025 meeting in Tehran with Prime Minister Mohammed Shia' al-Sudani, when he emphasized the need to safeguard and strengthen the PMF.⁽⁴⁵⁾

In a telephone conversation between Ali Akbar Velayati, adviser to the supreme leader, and Nouri al-Maliki, leader of the State of Law Coalition, Maliki asserted that Washington and Tel Aviv would turn their attention to the PMF in Iraq following the disarmament of Hezbollah in Lebanon. In response, both Velayati and Maliki stressed that Iran and Iraq reject the disarmament of either Hezbollah in Lebanon or the PMF in Iraq.⁽⁴⁶⁾ This exchange reflected a shared understanding that efforts to disarm Hezbollah are viewed as a preliminary step toward dismantling the PMF.

■ **Amending the PMF law.** In an effort to entrench the influence of the PMF at a constitutional level, the Coordination Framework submitted a draft amendment to Parliament proposing the addition of two clauses to the existing law. The first sought to raise the retirement age to 70, thereby preventing the mandatory retirement of roughly 4,000 members who had reached age 60,⁽⁴⁷⁾ including PMF Chairman Faleh al-Fayyad. The second introduced a “deletion and creation” mechanism, whereby any mem-

ber who is transferred, dismissed or removed could be replaced by another of the same rank, ensuring that the PMF's manpower would not decline or gradually fade.

In August 2025, the Coordination Framework introduced further amendments to the law, aimed at reshaping the PMF along the lines of Iran's IRGC. These changes sought to establish the PMF as a parallel institution to the Iraqi army, endowed with extensive financial, organizational, administrative and command autonomy, and vested with powers broadly comparable to those of the regular armed forces.⁽⁴⁸⁾

■ **Strengthening Iran's military influence in Iraq.** In May 2025,⁽⁴⁹⁾ the UK newspaper *The Times* reported that Iran had supplied a new consignment of advanced weaponry to militias operating in Iraq. Some of these systems were delivered to the militias for the first time and reportedly included surface-to-surface missiles with ranges extending as far as Europe, the Quds-351 cruise missile and Jamal-69 ballistic missiles. The move was intended to reinforce the PMF in anticipation of potential new confrontations, particularly in light of Iran's diminished leverage in Lebanon, setbacks in Yemen and defeat in Syria.

■ **Perpetration of violence and assassinations against Sunnis.** As parliamentary elections drew closer, two Sunni candidates were targeted in assassination attempts in October 2025. The first, which was successful, claimed the life of Safaa al-Mashhadani, a member of the Baghdad Provincial Council, who was killed in the Tarmiyah district. The second, which failed, targeted Muthanna al-Azzawi — also a council member — in the Yusufiyah district, just three days after Mashhadani's killing. Militias are heavily present in predominantly Sunni areas, while Shiite hardliners express concern over the emergence of a new generation of outspoken Sunni youth critical of corruption and the widespread presence of weapons. Mashhadani had played a leading role in pushing through a Baghdad Provincial Council decision to recover illegally seized lands, a sensitive issue for militias.⁽⁵⁰⁾ Azzawi, meanwhile, has focused on promoting e-governance to convert Baghdad's provincial administrations into smart systems aimed at curbing corruption — an initiative that runs counter to the interests of the militia-dominated state.

US Policies to Liberate Iraq From Iran

The Trump administration pursued an approach centered on escalating

pressure on Iraq to confront the issue of armed non-state actors. This stance appeared to reflect careful calculations shaped by concerns that direct military strikes could plunge Iraq back into instability and harm US interests. Such concerns were reinforced by the absence of a credible alternative capable of managing a transitional phase amid the entrenched militia mindset, as well as by awareness of the far-reaching consequences of Iran's influence over Iraq should militias be targeted militarily. Against this backdrop, several key forms of US pressure on Iraq emerged:

■ **Ending sanctions exemptions:** Pressure intensified with Iraq's removal from the list of countries exempted from sanctions imposed on Iran.⁽⁵¹⁾ In a February 2025 phone call with the Iraqi prime minister, Secretary of State Marco Rubio reportedly issued strong warnings unless Baghdad addressed the problem of violent non-state actors. This took place amid Iraqi fears that Washington could impose sanctions on institutions, banks or individuals, and potentially resort to the targeted elimination of figures aligned with Iran.

■ **Sanctioning militias:** In September 2025, the US State Department designated four militias as terrorist organi-

zations.⁽⁵²⁾ It also imposed sanctions on Muhandis General Company (Al-Muhandis Company), the economic arm of the PMF, along with several prominent bankers, including businessman Ali Gholam, accused of oil smuggling and money laundering on Iran's behalf. These measures underscored that restraining militia activity constituted a central pillar of US policy under the Trump administration.

• **Free Iraq from Iran Act:** US legislators drafted a bill calling for a comprehensive strategy to free Iraq from Iranian influence.⁽⁵³⁾ The proposed approach envisaged pressuring Baghdad to dissolve the PMF, dismantle militias, impose sanctions on Iraqi political, military and judicial figures loyal to Iran and designate a number of militias as terrorist organizations. These included the Badr Organization, Kata'ib Hezbollah, Harakat al-Nujaba, the Abu al-Fadl al-Abbas Brigades, Kata'ib Sayyid al-Shuhada Brigades, Rafidain Bank and the State Oil Marketing Company (SOMO), as well as any entity affiliated with, owned by, or controlled by the IRGC.⁽⁵⁴⁾

■ **Appointing a special envoy for Iraq:** President Trump appointed Mark Savaya as his special envoy to Iraq, a choice widely seen as politically significant. Sa-

vaya was a major donor to Trump's presidential campaign in Michigan, a pivotal swing state that proved crucial to securing his electoral victory. His mandate extended beyond diplomacy to include addressing the problem of violent non-state actors and influencing the formation of the new Iraqi government, particularly regarding the key ministries of finance, oil, interior and defense, as well as the governorship of the central bank.⁽⁵⁵⁾

Savaya is widely viewed as a de facto US overseer of Iraq. In his initial remarks, he stated, "I want to make Iraq great again." In December 2025, he further escalated his rhetoric toward Baghdad, placing renewed emphasis on resolving the issue of violent actors. This approach suggested that Trump may have preferred to engage Iraq directly from the White House, circumventing conventional diplomatic channels, while granting the special envoy expansive authority across multiple levels of engagement.

Savaya had previously played a central role in brokering a successful agreement with militias to secure the release of his friend, Russian-Israeli researcher Elizabeth Tsurkov. His Iraqi background — he is a Christian — combined with his deep familiarity with Iraqi affairs and his extensive network of contacts among Iraqi

political actors, was widely seen as instrumental in achieving that outcome.

Outcomes of Iran's Strategy and US Pressure

Developments on the ground in Iraq point to the limited effectiveness of Iran's efforts to preserve its influence, particularly when set against the mounting pressure exerted by Trump's administration on Iran's regional role and the broader predicament facing Iran following the significant setbacks endured by its regional axis. Against this backdrop, the Iraqi landscape in 2025 can be outlined as follows:

■ **Political deadlock and the complexity of forming a new government:** Competing Iranian and US pressures over Iraq's political direction produced a prolonged stalemate in 2025. While Washington pushed for resolving the issue of violent non-state actors and for appointing a broadly national figure to lead the government, Tehran rejected this course and insisted on a candidate aligned with its interests. As a result, Iraq slipped into political paralysis after exceeding the constitutional deadline for naming a prime minister — 30 days from the announcement of parliamentary results — amid the fragmentation of the Coordination Framework⁽⁵⁶⁾ into two rival camps

over whether to grant a second term to Sudani or a third term to Maliki:

The Sudani Bloc

Emerging as the largest parliamentary force with 46 of the 329 seats, this bloc has adopted a flexible and balanced approach to regional developments. It seeks a second term for Sudani and insists on retaining Faleh al-Fayyad as head of the PMF. Its prospects rest on winning the confidence of the silent majority through service-oriented performance that has eased citizens' burdens, as well as on a pragmatic and measured discourse that recognizes the implications of ongoing transformations and the costs of intellectual stagnation for national interests. The bloc enjoys varied backing, including from influential military figures such as Fayyad and Hadi al-Amiri; from figures viewed as liberal such as Iyad Allawi; and from ministers and parliamentarians with popular support, including Labor Minister Ahmed al-Asadi and Communications Minister Hayam al-Yasiri. It also benefits from regional and international acceptance.

Maliki's Faction

This faction came third in the elections with 32 seats and remains committed to the militia-based state model. It rejects addressing Iraqi challenges in light of

regional shifts, opposes renewing Sudani's mandate for a second term and resists the continuation of Fayyad at the helm of the PMF. Instead, it stakes its position on Maliki's bid for a third term, drawing on his symbolic standing as a figure from the generation of Shiite hardliners, his extensive network of influence within state institutions and his control over unregulated weapons capable of destabilizing the political arena.

■ **Withdrawal of the PMF bill from Parliament:** In August 2025, Prime Minister Sudani withdrew the draft amendment to the PMF law from Parliament, a move that effectively tipped the balance in favor of increasingly confrontational US pressure on the militia-dominated state. Earlier in July, the US secretary of state contacted Sudani by phone to convey Washington's opposition to the amendment bill, arguing that this would entrench the power of violent non-state actors and undermine Iraqi sovereignty.⁽⁵⁷⁾ Sudani may have been concerned that failure to comply would prompt the United States to withdraw its forces without coordination, suspend the sharing of sensitive counterterrorism intelligence, impose sanctions on financial institutions and banks and oppose his bid for a second term.

■ **The Sudani government’s shift in posture:** A range of indicators suggests that Sudani’s government responded positively to demands to address the issue of violent actors, a stance widely viewed as a quasi-strategic conviction aimed at averting potential US–Israeli strikes that could transform Iraq into a battleground for regional score-settling. Accordingly, the government invested significant effort in persuading militias to accept a negotiated solution. Sudani held repeated meetings with leaders of the Coordination Framework and militia groups to explore mechanisms for handing over uncontrolled weapons to the Iraqi army. He subsequently traveled to Tehran to press Iranian decision-makers to support the government’s efforts to resolve the issue of armed groups. Foreign Minister Fuad Hussein stated that the Iraqi government had informed Iranian officials that the question of disbanding militias was an internal matter for Iraqis to determine. He added that Baghdad was considering multiple options, including the surrender of weapons and a transition to political activity, the integration of the PMF into the Iraqi army,⁽⁵⁸⁾ or complete withdrawal from both the political and military arenas. In parallel, the Sudani government adjusted its foreign

policy orientation toward diversifying regional and international partnerships, a shift that some analysts interpreted as a departure from the Iranian camp.

Conclusion: Iran’s Future Efforts to Preserve Clout in Iraq

The foregoing highlights Iran’s persistent determination to preserve its influence in Iraq, primarily through the PMF and allied militias, despite mounting US pressure. This determination is rooted in the PMF’s central role in Tehran’s regional strategy, shaped by geographical, economic, political and security considerations. Iran ties its firm opposition to disbanding the PMF to its refusal to disarm Hezbollah in Lebanon, operating on the assumption that agreeing to dismantle one would inevitably trigger the demilitarization of the other.

At the same time, the data exposes the limits of Iranian leverage. Sudani’s shift away from the Iranian vision toward prioritizing Iraqi interests, the difficulties in forming a new government, the intensifying internal conflicts within the Coordination Framework and the failure to pass the PMF law amendment, all illustrate the constrained reach of Iranian strategy. Moreover, the relationship between Iran and the militias has shift-

ed: the militias — with their interests derived from black market activities, border control and presence in strategic, resource-rich regions such as Basra, Diyala, Nineveh, Baghdad and southern border areas — now operate as an independent variable, reducing Tehran’s ability to dictate their behavior. This underscores Iran’s current strategic vulnerability and inability to influence decision-making within the Sudani government and the Coordination Framework.

Given the developments of 2025, Iranian influence over Iraqi decision-making is expected to enter a new phase of decline, at least through the remainder of Trump’s second term. This shift aligns with broader transformations in Iraq, including sustained US insistence on eliminating the Iranian threat, growing Arab, regional and international consensus on curbing violent non-state actors and the rising influence of Shiite political alliances advocating a transition from a militia-dominated state toward institutional governance. Nevertheless, dissolving the PMF remains a profoundly complex challenge; reintegration into the Iraqi army is unlikely to prevent the militias’ continued existence as a distinct and influential force.

Iran and the Dilemma of Disarming Hezbollah

The 2024 ASR report stated that Iranian influence in the region — most notably in Lebanon — had entered a period of structural strain that would oblige Tehran to reconsider its strategic posture, both in how it manages its network of allied actors and in its reliance on indirect military instruments. The report anticipated that this dynamic would extend into 2025, predicting that Iran would confront mounting difficulties in preserving its role within the regional balance, particularly in Lebanon, where Hezbollah's arsenal remains one of the central foundations of its influence.

Developments in 2025 unfolded within this expected framework, as pressure on Iranian influence in Lebanon continued to intensify. Iran's attempts to reassert its presence collided with an entrenched Israeli security calculus that rejects any Iranian foothold or expansion of Hezbollah's activities. This has elevated the cost of maintaining weapons outside the authority of the Lebanese state. At the same time, Tehran has faced growing international pressure to curb its proxies, foremost among them Hezbollah. As a result, calls for the group's disarmament have reached unprecedented levels, placing Iran before



a significant strategic challenge: determining how to navigate the issue of Hezbollah's weapons in an environment that no longer provides the group with the operational freedom it once possessed. This part examines the issue via three topics: first, mounting pressure on Iran over Hezbollah's weapons in 2025; second, Iran's rationale for sustaining Hezbollah's arsenal; and finally, Iran's emerging position on the question of Hezbollah's disarmament.

Mounting Pressure on Iran Over Hezbollah's Weapons in 2025

The year 2025 marked a distinct shift in the pressures directed at Iran over Hezbollah's weapons. The matter was no longer limited to the familiar debate surrounding Tehran's influence in Lebanon; instead, new dynamics emerged that reconfigured the landscape in which Iran sought to operate. Developments in Is-

rael and the United States, along with changes within Lebanon itself, created a more complex environment that tested Tehran's capacity to maintain this issue as a central pillar of its regional policy.

Growing Pressures on Hezbollah to Confine Arms Exclusively to the State

2025 saw an unprecedented convergence of US, Israeli and Lebanese pressure aimed at disarming Hezbollah or restricting all weapons to the authority of the state. On the US front, Washington launched an intensive diplomatic campaign, proposing a roadmap to confine arms to the state in return for economic and security assistance. This was coupled with financial sanctions targeting networks linked to the Al-Qard Al-Hasan Association,⁽⁵⁹⁾ placing further strain on Iran as it sought to offset declining financial and logistical support to the group.

Simultaneously, Israel intensified its military activity, viewing the party's internal constraints and the broader regional climate as a chance to recalibrate the deterrence equation. Tel Aviv tied any redeployment from positions in southern Lebanon to concrete progress on disarmament, thereby gaining greater leverage in dominating debates over Hezbollah's future capabilities.

Domestically, Joseph Aoun’s election to the presidency and the formation of a new government created a sensitive political juncture, with efforts centered on consolidating the state’s exclusive control over weapons. Although implementation moved slowly — allowing Hezbollah to preserve its arsenal within a relatively stable internal environment — the continuation of this approach presents Tehran with a strategic dilemma: safeguarding Hezbollah’s weapons without heightening tensions with the Lebanese state or deepening instability.

This interplay of US, Israeli and Lebanese pressures has sharply curtailed the room for maneuver available to both Hezbollah and Iran. The weapons issue has shifted from an internal Lebanese debate to a regional and international tool of pressure on Tehran, whether through financial measures or attempts to reshape military and political dynamics on the ground.

Inability to Compensate for Leadership Losses

Iran confronted a major challenge in sustaining Hezbollah’s weapons program as the group lost a substantial number of veteran commanders in Israeli operations. These losses created a shortage of experienced Lebanese cadres capa-

ble of overseeing the arsenal and filling the resulting gaps. The restructuring of new units produced formations with lower levels of expertise and operational effectiveness than their predecessors, leaving them more exposed to pressure and targeting. Within this dynamic, the continued elimination of emerging figures — most notably senior commander Haytham Ali Tabatabai — further compounded the problem, making it increasingly difficult to substitute traditional leaders and weakening the party’s capacity to manage its military infrastructure. This situation, in turn, rendered Iran’s efforts to uphold its influence in Lebanon through Hezbollah more fragile and less effective.

Iran’s Justifications for Continued Alignment With Hezbollah

Despite mounting pressure on Iran throughout 2025, Tehran’s commitment to Hezbollah’s arsenal remained firm, continuing as a fixed pillar of its regional strategy. Iran appeared even more resolute in its commitment as part of its deterrence posture toward Israel and its management of the broader balance of power. This section explores the foundations underpinning Iran’s conviction that sustaining Hezbollah’s military capabilities is essential, as well as the fac-

tors that led Tehran to view the group’s arsenal as a strategic asset that cannot be relinquished at this stage.

Recalibrating the Priority of Deterrence Against Israel

In 2025, Iran reaffirmed that Hezbollah’s arsenal remained central to its deterrence equation with Israel, regarding it as the main instrument for imposing strategic costs on Tel Aviv without entering a direct conflict. Although this arsenal did not provide Iran with complete protection — as evidenced by mid-2025 developments — Tehran nonetheless intensified efforts to reinforce the group’s missile capabilities and sustain supply routes to preserve deterrence effectiveness.

Iran advanced a narrative that the post October 7 environment validated as the “resistance model,” thereby justifying continued training, technical assistance⁽⁶⁰⁾ and funding and armament capabilities of the party — estimated by some sources at around \$1 billion⁽⁶¹⁾ — despite its own economic pressures. This signaled a political decision to absorb the financial burden of maintaining Hezbollah’s weapons. Tehran also reconfigured smuggling channels through Syria and alternative routes after Israeli strikes,⁽⁶²⁾ seeking to evade targeting and reinforce

the group's domestic legitimacy through uninterrupted supplies.

At the same time, Israel's expanded strikes on infrastructure, depots and emerging commanders⁽⁶³⁾ strengthened Iran's belief in the utility of supporting Hezbollah, interpreting the escalation as proof of Israeli concern over the group's improving capabilities. By this logic, sustaining and developing Hezbollah's arsenal enables Tehran to uphold deterrence without entering a costly direct war, rendering Hezbollah a comparatively low-cost strategic instrument in its confrontation with Israel.

Iran's Active Leverage: Repositioning in Lebanon and the Region

This year brought significant shifts to both the Lebanese and wider regional arenas, pushing Iran to hold ever more tightly to Hezbollah's weapons as a crucial instrument of influence amid a delicate phase of political transition. The election of a new Lebanese government was a pivotal test for Tehran, which feared that regional and international actors might seize this moment to diminish the party's authority and restrict its arsenal. In this context, Hezbollah's conduct during the early months of government formation served as a direct expression of Iranian calculations. The

party projected a façade of flexibility, signaling a narrow readiness to compromise on secondary matters while firmly preserving its core military capabilities.

When the new government endorsed a formula stating that "weapons must be exclusively in the hands of the state," Hezbollah reacted forcefully, labelling the stance a "grave sin,⁽⁶⁴⁾" whereas Tehran dismissed it as "unrealistic and contrary to Lebanon's interests."⁽⁶⁵⁾ Such responses reveal that the aforesaid gestures were not genuine concessions but tactical attempts to buy time and preempt the emergence of unified international pressure over the weapons question. As a result, Hezbollah's arsenal has, from Tehran's perspective, evolved into an active instrument for reshaping its political positioning within Lebanon and the region — serving as a shield for its influence, a bargaining card in regional negotiations and an obstacle to any state-building project that might curtail the party's role.

Conclusion: The Future of Iran's Position on Disarming Hezbollah

An examination of developments in 2025 shows that Iran's position on Hezbollah's weapons has moved beyond its familiar framework of supporting the "Axis of Resistance." It has instead

evolved into a multifaceted dilemma shaped by three central considerations: sustaining regional deterrence against Israel, preserving its leverage in Lebanon amid a fragile political moment and responding to rising international and Arab pressure to curb the party's military capabilities.

Against this backdrop, Iran enters 2026 confronted with a new strategic reality: it can continue arming Hezbollah, but not without higher costs nor through the same methods that defined the previous decade. Tehran now faces two constrained paths. The first is to preserve Hezbollah's arsenal in full, maintaining Hezbollah as a strategic buffer against Israel despite the heightened risk of friction with the Lebanese state and with external diplomatic efforts. The second is to accommodate pressure through limited, calculated flexibility — such as engaging in technical discussions on precision missiles, allowing the partial integration of non-combat elements from the party into state structures or negotiating specific security arrangements along the southern border. This approach may be viewed as a stabilization-through-adaptation strategy, enabling Iran to uphold Hezbollah's essential military and missile assets while permitting enough diplomatic maneu-



vering to prevent mounting pressures from escalating into a crisis that could undermine its influence in Lebanon and its broader regional posture.

IRAN'S RELATIONS WITH REGIONAL AND INTERNATIONAL POWERS

Strengthening Iran-Pakistan Relations After the 12-Day War

In 2024, Iran-Pakistan relations reached their lowest point following mutual strikes on targets within each other's territories. Since the Israeli attacks on Iran in June 2025, and the solidarity expressed by Islamabad toward Tehran in response to those attacks, Iran has un-

dertaken unprecedented shifts in its policy toward Pakistan, manifested in a series of high-level official visits. President Masoud Pezeshkian and Supreme National Security Council Secretary Ali Larijani made successive visits to Islamabad, signaling renewed momentum in bilateral relations, which have long been characterized by mistrust. This section discusses the course of relations between the two countries during 2025 through an examination of three key topics: the challenges facing bilateral relations, the security threats and concerns of both nations, Iranian penetration into Pakistani society, and concludes with an

overview of the future of bilateral cooperation.

Fragile Common Ground

Building on widespread sympathy for the Palestinian cause, Iran's public diplomacy efforts — through social and mainstream media since October 2023 — helped it project a narrative of its own victimhood during the 12-Day War. This was followed by the return of snapback sanctions. While Pakistan's government and National Assembly passed resolutions condemning the attacks on the neighboring country, Pakistan treaded cautiously throughout the war. Rumors of supplying munitions to Iran turned out to be disinformation. During his first foreign visit after the war, Pezeshkian arrived in Islamabad on August 2, seeking Pakistan's support for trade and defense. Islamabad complied with US sanctions on Iran after Donald Trump's withdrawal from the nuclear deal in 2018. Now, with the UNSC sanctions in place, there is no such incentive that Tehran can offer Islamabad to defy them. Less than a week after US strikes on Iran's nuclear facilities, Pakistan formally recommended Trump for the Nobel Peace Prize, albeit primarily for his role in mediating a ceasefire between India and Pakistan in May. On June 28, President Asif Ali

Zardari decorated General Michael E. Kurilla, the then head of US Central Command (CENTCOM), with the Nis-han-e-Imtiaz (Order of Excellence), who is a stern critic of Iran's extra-territorial role in the Middle East.⁽⁶⁶⁾ Since 2019, Iran has branded CENTCOM as a "terrorist organization."

Security Concerns and Threats

Baloch militancy across the international border remains an issue of shared concern; Tehran is guarding against foreign-sponsored outfits like Jaish al-Adl (formerly Jundallah) and Islamabad is alarmed by the Balochistan Liberation Army (BLA) and Balochistan Republican Army (BRA). Border security has been a sticking point after Pakistan completed a smart border fence, which was not reciprocated from the other side. Given the heightened threat matrix in Iran, the Balochistan frontier may finally be subject to increased surveillance and security. Though Taliban-run Afghanistan has been less worrying for Iran than for Pakistan, its flat, uninhabited border with both remains a thoroughfare for criminals. Both neighbors hold divergent perceptions about the right dispensation after the Taliban's ouster. They have disagreed over Kabul and may not agree in the future as well. Estimates of

smuggling across the international border run into billions of dollars annually, with oil and household commodities moving from Iran,⁽⁶⁷⁾ electronics, foreign currency, gold and dual-use technology from Pakistan.⁽⁶⁸⁾

Large Indian investments in the strategic Chabahar Port, located in Sistan and Balochistan Province and overlooking the Indian Ocean directly, have led Pakistan to offer Washington investment in Pasni Port, which is located only 100 miles from Iran and 70 miles from the Pakistani city of Gwadar, home to a Chinese-operated port, to facilitate the shipment of minerals extracted from Balochistan.⁽⁶⁹⁾ Although Washington and Islamabad have not publicly addressed this issue, the news has raised concerns among Iranian leadership, media and its supporters in Pakistan, as it would grant the United States a foothold in one of the world's most sensitive regions.

Iran's Penetration Into Pakistan's Society

Over the decades, Tehran has cultivated an impressive influence – beyond its Shiite sympathizers making up around 10% of the country – in public, media and politics as well as in the strategic community. Visiting Iranian officials particularly engage with members of

the anti-US, anti-Arab lobby comprising predominantly of Pakistani Shiites, Jamaat-e-Islami Pakistan (JIP) and left-leaning leaders and intelligentsia, who unequivocally support Khamenei's narrative. Tehran is apprehensive of the possibility of Islamabad's provision of military bases to the United States and NATO, a fear now shared by the Taliban as well. Though Islamabad would not accept Western soldiers on its soil for its own reasons, this insecurity and distrust are ingrained in the revolutionary psyche. On the Pakistan side, Iran's training and arming of Pakistani Shiites for its domestic sectarian agenda and regional ambitions, such as the raising of Liwa Zeinabiyoun, remains a source of constant angst. In recent years, Pakistan introduced stricter regulations on Shiite citizens' travel to Iran in a sign of enhanced caution.

Conclusion: The Future of Iran-Pakistan Cooperation

Following the official visits to Islamabad by both Pezeshkian and Larijani, as well as Pakistan's unprecedented political support for Iran during the 12-Day War, expectations have risen for a noticeable improvement in bilateral relations. However, it appears that the complexities of bilateral relations will result in limited

cooperation between the two countries in certain areas, such as the economy, alongside competition and tension in other areas, against the backdrop of sectarian balances, the sanctions imposed on Iran and Pakistan’s relations with the United States. Achieving the announced trade goal of increasing bilateral trade to \$10 billion remains fraught with complexities and uncertainties.

In light of the developments witnessed in Iran-Pakistan relations during 2025, the following future scenarios are anticipated:

■ **Continued security coordination and cooperation without a major economic breakthrough:** A likely scenario given the escalation of smuggling operations and cross-border terrorist activities between the two countries, which could revive the scenario of military confrontations between them. This is supported by reciprocal official visits and the persistence of the difficult economic conditions afflicting Iran amid ongoing sanctions.

■ **A return to strained relations:** A possible scenario if armed groups on one side succeed in carrying out high-profile operations in the other country, forcing the targeted nation to escalate against the country from which the threats orig-

inated. However, the response would be limited, similar to what occurred in 2025.

■ **Economic cooperation and strategic agreements:** This scenario would only materialize if a resolution is reached regarding Iran’s disputes with the United States and the international community, leading to the lifting of sanctions, along with an increased level of trust between the two sides; it appears to be a low-probability scenario in the foreseeable future.

The Fragility of the Ceasefire Agreement Between Iran and Israel

The 2024 ASR identified a renewed Israel-Iran war as a plausible scenario, driven by escalating tensions between the two sides and the involvement of pro-Iran groups in Lebanon, Yemen and Iraq in the Gaza war. This involvement aimed to pressure Israel into ending the conflict, while Israel’s right-wing government sought to confront Iran directly rather than allow it to act through proxy forces. This scenario materialized sooner than expected in 2025, when the 12-Day War broke out and ended with a US-mediated ceasefire. Yet further escalation remains likely. Accordingly, this section addresses three issues: the war’s costs and the altered balance between Israel and Iran; causative factors for the ceasefire’s breakdown and Operation Rising

Lion and the challenges associated with this development.

The Costs of the War and the Shift in Israeli-Iranian Conflict Dynamics

The losses Iran sustained from Israel-US strikes constitute strategic damage with long-term implications for the establishment, the state and society. These attacks effectively placed Iran on the path of a “failed state” by hitting the core centers of its power. Senior military and political figures close to the supreme leader, responsible for defending the system at home and abroad, were killed. Iran’s nuclear program was seriously disrupted through strikes on leading scientists and major facilities, including Fordow, Natanz and Isfahan. Military infrastructure was also targeted, with missile and drone depots and production sites destroyed, undermining Iran’s key deterrent capabilities. In addition, economic infrastructure, refineries and oil depots across several provinces were hit, exposing weaknesses in Iran’s air defenses, weakening deterrence in the eyes of allies and proxies and shifting the regional balance of power.

By contrast, the damage Israel sustained from Iranian strikes is best described as tactical, with short-term social, economic and civilian effects rather

than direct hits on the state's core power centers. Despite the heavy economic strain caused by Israel's prolonged engagement in a multifront war since October 7, 2023, Iran stands out as the only regional actor to have struck deep inside Israel. At the same time, Tehran avoided a collapse of the establishment and thwarted Israel's apparent wager on regime change — modeled on the decapitation of Hezbollah's leadership — by absorbing the initial blow and responding with strikes deep into Israeli territory. Against this backdrop, several notable shifts have emerged in the dynamics of the Israeli-Iranian confrontation as detailed below:

Israeli Cyber and Technological Superiority

Technological superiority has been decisive not only in reshaping the rules of engagement with Iran, but also in transforming the very dynamics of conventional conflict.⁽⁷⁰⁾ Through this edge, Israel succeeded in disrupting the command-and-control system of Iran's most powerful regional proxy, Hezbollah in Lebanon. This effectively sidelined Hezbollah from the immediate conflict equation with Israel and reinforced Israel's intelligence apparatus, enabling deep penetrations inside Iran. These

penetrations have bolstered Israel's efforts to cast Iran as a "failed state."

Ascendancy of the Far Right in the Israeli Government

Far-right dominance in Israel is not new, but what is unprecedented is the presence of two hard-right ministers at the core of government alongside the prime minister: National Security Minister Itamar Ben-Gvir and Finance Minister Bezalel Smotrich. They advance a distinct security doctrine grounded in the fulfillment of biblical prophecies and the acceleration of geopolitical projects. This approach entails securing additional territory within the broader geographical arena and redrawing regional geopolitical fault lines. The Iranian geopolitical project is seen as the primary challenger to Israel's, and within this ultra-right vision, the Iranian threat can be removed only by toppling the establishment in Tehran.

Convergence of Israeli and US Positions

US and Israeli positions on Iran have converged more than ever since the start of President Donald Trump's second term, in contrast with the Biden era. This alignment emboldens the far right to sustain an escalatory trajectory toward war with Iran. This was reflected in the Trump administration's endorsement of, and

participation in, Operation Rising Lion against Iran, even though Washington and Tel Aviv diverged over the war's scope, duration and objectives.

Overall, these shifts in conflict dynamics have raised Israel's objectives vis-à-vis Iran from merely achieving a balance of deterrence, power and influence to securing outright superiority in deterrence and hard power as well as neutralizing nuclear and ballistic threats. Evolving dynamics continue to fuel prospects for renewed Rising Lion-style operations against Iran in pursuit of the remaining Israeli goals, foremost among them dismantling the ruling system's key power centers in preparation for its eventual downfall.

Factors Threatening the Iran-Israel Ceasefire Deal and Prospects for Further Israeli Assaults on Iran

Shifts in conflict dynamics create a favorable backdrop for new rounds of war between the two sides, but they do not in themselves guarantee an imminent clash unless specific triggers emerge. Instead, several factors — especially on the Israeli side — could cause the ceasefire to collapse and a new war to erupt amid a frenzied arms race and intensive military build-up. These factors are discussed as follows:

Externalizing the Domestic Crisis

Netanyahu’s government is trapped in a deep internal crisis after the security failures exposed since the attacks of October 7, 2023 and during the 12-Day War, when Israel’s heartland came under unexpected missile fire. These failures laid bare weaknesses in Israel’s defense system and Netanyahu’s inability to achieve his stated war aims in Gaza. He neither eradicated Hamas nor secured the hostages’ release by force, but ultimately through negotiation, and he failed to implement his displacement plan. As a result, mounting calls for his government’s dissolution or resignation may push it toward launching a new military strike on Iran to extend its political survival. Analysts have linked the strength of this war impulse to Netanyahu’s call for early elections, viewing it as a tactic to buy time for a new confrontation with Iran that would prolong his government’s lifespan and delay the vote.

Exploiting Iran’s Predicament and the Erosion of the “Axis of Resistance”

Israel is seeking, through a fresh military operation, to complete its list of objectives against Iran. The aim is to cash in on the outcomes of its previous campaigns and its victory in the multifront war, which left Iran and its regional proxies

weakened and cornered. It also seeks to dismantle the “Axis of Resistance,” especially as Tel Aviv believes it has a clear read on Iran’s limitations and escalation thresholds. Israeli decision-makers may therefore judge that a war against Iran is necessary at this moment because of what they perceive as a historic weakness in Tehran. Such a campaign would likely take the form of airstrikes aimed this time at eliminating senior political and military figures — including Supreme Leader Ali Khamenei — and at bombing commercial, economic and more sensitive infrastructure sites. The central goal is to hit the daily lives of ordinary citizens hard enough to drive them into the streets against their government. In Israeli strategic thinking, toppling the establishment under the supreme leader has become a core requirement of national security — as former head of Israeli Military Intelligence Tamir Hayman put it, “Unless regime change occurs. Iran will likely remain a source of threats to Israel. Post-war Iran is weaker but no less dangerous.”⁽⁷¹⁾

Israel’s “Opportune Moment” to Neutralize the Nuclear Threat

Israel views nuclear weapons in the hands of a “theocratic regime” such as Iran’s as an existential threat. It regards

the current moment as an opportune time to complete the neutralization of this danger. Israel has grown increasingly determined to act following intelligence assessments indicating that the June 2025 strikes — Israel’s Operation Rising Lion and the subsequent US Operation Midnight Hammer — did not fully eliminate Iran’s nuclear capabilities. Reportedly, Iran retains the ability to produce a nuclear bomb relatively quickly, including a stockpile of approximately 400 kilograms of uranium enriched to 60% (near weapons-grade).⁽⁷²⁾ This concern is compounded by Iran’s withdrawal from the Cairo Agreement — a September 2025 accord aimed at resuming International Atomic Energy Agency (IAEA) monitoring and inspections of its nuclear facilities — along with hints that it may abandon its official doctrine of not pursuing nuclear weapons. Needless to say, Israel sees little effectiveness in the reimposition of UN sanctions in September 2025 or the European troika’s August 2025 decision to activate the Joint Comprehensive Plan of Action (JCPOA) snap-back mechanism.

Taken together, these developments give Israel a pretext to launch a new military strike against Iran. Netanyahu underscored this on September 28, 2025, declaring that “We have to keep up

the diplomatic and economic pressure on Iran to make it clear that we will not tolerate a resumption of their efforts to build nuclear bombs to destroy my country and yours.”⁽⁷³⁾

A Drive to Destroy Iran’s Missile Program

Israel emerged from the 12-Day War with a stark conclusion: Iran’s missile capabilities have become one of the gravest Iranian threats it faces, no less serious than the nuclear file. The range and destructive power of these missiles, which reached deep into Israeli territory, exposed gaps in Israel’s defensive systems. Heightening Israel’s alarm — and its desire to eliminate this threat — is Tehran’s move into the small club of states that possess hypersonic missile technology, which is notoriously difficult to intercept with conventional defenses. This compels Israel to seek a decisive blow against Iran’s missile program. Netanyahu previously stated that “Iran is developing intercontinental ballistic missiles for 8,000 km range [...] Add another 3,000 km and they’ve got New York City, Washington, Boston, Miami — even Mar-a-Lago — under their atomic guns.”⁽⁷⁴⁾ Washington has therefore made halting the missile program a condition for resuming nuclear talks. Iran rejected this, then later floated limiting missile range

to no more than 400 kilometers, and subsequently rejected that constraint as well. This trajectory is pushing Israel to seek a green light from the United States for a new strike on Iran.

Factors Against the Resumption of War Between Israel and Iran

The prospect of a renewed Israel–Iran war brings several challenges. They are not decisive enough to rule out a new confrontation, but they may complicate or delay its outbreak.

Israeli Constraints

Israel’s home front remains fragile after the severe economic and security fallout of the far right’s geopolitical ambitions. Public anger over the costs of conflict and the risk of a protracted war of attrition that further damages the economy raises fears of domestic unrest. Military planners also face the urgent task of fixing weaknesses in the defense system exposed during Operation Rising Lion, particularly regarding possible Iranian ballistic, cruise and hypersonic missile barrages, and ensuring a more effective response than in the previous round. Added to this are the enormous financial burdens of war, including the need to build large stocks of precision-guided munitions and interceptor missiles that require long production lead times and

growing rifts between government and opposition over Netanyahu’s ambitions and what they mean for Israel’s future.

Iranian Constraints

In its current weakened state, Iran has little strategic interest in a new war. It has already suffered painful military and nuclear losses that have eroded its deterrent posture and unsettled the regional balance, while its forward defense lines have frayed and it fears a wider US intervention that could topple the establishment. Economically, Iran is grappling with steep declines in macro-indicators, an unprecedented water crisis and the ongoing domestic strain of sanctions. Militarily, its air defenses appear outmatched by the increasingly sophisticated US and Israeli air forces, which turned Iranian skies into open territory in Operation Rising Lion. Politically, senior circles recognize that another war could realistically endanger the establishment’s survival amid continuing internal debate over conservative policies that many see as having produced only weakness and a loss of regional stature.

Regional and International Interests

Most regional and global players have strong reasons to avoid a new large-scale war. The second round of confrontation already spilled over into neighboring

Gulf states when Iran struck US bases in Qatar. Another conflict would run counter to the interests of the Gulf states, as well as China, Russia and Europe, by further disrupting already strained supply chains and threatening energy security, shipping and global trade through the strategic chokepoints of Hormuz and Bab al-Mandab. Moreover, President Trump is not inclined to become bogged down in an open-ended Middle East war that could undermine his regional and international agendas aimed at restoring what he portrays as a new “golden age” of US power.

Conclusion: The Future of the Ceasefire Agreement Between Iran and Israel

Based on these indicators, the war launched by Israel against Iran can be seen as a renewed phase aimed at completing a broader set of objectives, notably neutralizing Iran’s nuclear and ballistic missile capabilities as a prelude to weakening, and potentially toppling, the establishment. The factors threatening the ceasefire and a return to open conflict in the short to medium term appear stronger than the restraints, both in theory and in practice. A new phase of war will probably erupt in 2026 to achieve Israel’s objective of toppling the Iranian

government, preceded by internal destabilization and the eruption of chaos to pave the way for the collapse of the whole system through various means. Indicators of this scenario are evident.

On the Israeli and US sides, the Knesset approved an additional \$9 billion in military funding to cover the costs of a possible war on either the Palestinian or Iranian fronts. Large-scale exercises were conducted to enhance readiness, with a focus on rapid mobilization and multifront deployment. Israel also signed a \$1.9 billion agreement to acquire approximately 3,250 US armored personnel carriers and combat vehicles, while conducting a comprehensive review of its air and missile defenses to build a more advanced, integrated system capable of addressing cruise and hypersonic missile threats.

Washington, for its part, reinforced its regional posture by moving additional military assets into the area, including squadrons of aerial refueling aircraft. The aircraft carrier USS Gerald R. Ford was also deployed to the region, accompanied by missile cruisers, destroyers and submarines, to join forces already stationed there. Risks of renewed conflict have become more apparent after Netanyahu received approval from Trump during their meeting in Wash-

ington on December 29, 2025, to initiate a new military strike against Iran.

At the same time, signs of Iranian preparations for another round of war with Israel have continued to surface. These include internal security measures such as the appointment of Ali Larijani as secretary of the Supreme National Security Council, drawing on his experience in managing the home front during wartime, and the creation of a National Defense Council tasked with addressing vulnerabilities exposed during the 12-Day War and preparing for future confrontation. Iran has also conducted military exercises in the Gulf of Oman and the northern Indian Ocean to boost readiness. Deputy Operations Commander Mohammad Jafar Asadi confirmed efforts to extend missile ranges beyond 2,000 kilometers, while reports point to prospective arms deals with Russia, China and Türkiye following Defense Minister Aziz Nasirzadeh’s meetings with his counterparts in those countries. These moves were reinforced by Larijani’s statement in August 2025 that the war with Israel has not ended, Vice President Mohammad Reza Aref’s call that same month to be ready for war at any moment and supreme leader adviser Yahya Rahim Safavi’s confirmation that Iran is preparing for worst-case sce-

narios. The remarks of Iranian military and political officials mounted in December 2025, confirming their preparedness for a new war with Israel.

Sino-Russian Relations With Iran: Tough Tests

Iran frames its relations with China and Russia as strategic partnerships positioned against Western dominance, a view that has crystallized over decades of cumulative crises with the West. Within this context, Iran's pivot eastward has come to be seen as the sole viable path for sustaining its longstanding confrontation with Western powers. Although Moscow and Beijing broadly share this orientation, their respective relations with the United States and Europe are shaped by multiple considerations that at times diverge from Iranian interests — including efforts to mend ties with Washington and European capitals.

The triangular relationship linking Iran, Russia and China is structured around three principal dimensions. The first concerns the nuclear file and sanctions, an area in which Tehran frequently benefits from political backing by both Moscow and Beijing. The second involves economic ties, which have remained constrained, particularly with Russia, due to the similarity of their eco-

nomic structures and their competition in energy exports. This rivalry is most evident in oil sales to China, which has leveraged sanctions to secure discounted supplies, especially from Iran. The third dimension is military cooperation, an arena marked by considerable ambiguity as it is related to the regional and international interests of all three states.

The return of Donald Trump to the US presidency has introduced an additional layer of complexity to this equation. Iran's ties with Russia and China were put to a significant test in early June 2025 during the Israel-Iran war. While both Moscow and Beijing issued condemnations of the war, their response fell short of the level of support Tehran had anticipated. This outcome reignited debate within Iranian elite circles over the genuine strategic nature of the country's partnerships with Russia and China, and raised the prospect of revisiting the very notion of alliance in Iranian strategic thought.

Despite these debates, Iran's room for maneuver remains sharply constrained amid mounting challenges. Against this backdrop, this section focuses on two central questions: positions on war and armament and the nuclear issue and sanctions. It concludes by tracing the expected direction of Iran's relations with Russia and China in 2026.

Russian and Chinese Positions on War and Armament

During the 12-Day War between Israel and Iran, states regarded by Tehran as allies — most notably China and Russia — refrained from offering any form of tangible support or deterrent measures that might have constrained Israel or curtailed its objectives against Iran. This posture stood in stark contrast to the United States' direct military backing of its Israeli ally, including the deployment of strategic bombers to strike Iranian nuclear facilities.

By comparison, Beijing and Moscow adopted positions of restraint, limiting their response to condemning the attack while affirming Iran's right to self-defense and the protection of its legitimate interests. Even when Russia went beyond verbal condemnation, it did so within the confines of calculated neutrality, with President Vladimir Putin proposing mediation to end the conflict. This approach provoked frustration and resentment among segments of Iranian politicians and activists, who interpreted Russia's conduct as a failure to act decisively in support of Iran.⁽⁷⁵⁾

In the post-ceasefire period, the Israeli media closely scrutinized two visits in June 2025 by Iranian Defense Minister Aziz Nasirzadeh to China and Russia, as

well as the joint naval exercises conducted by Moscow and Tehran in the Caspian Sea under the banner CASAREX 2025. These events were interpreted as part of Tehran’s broader efforts to advance its military and aerial capabilities, particularly through the acquisition of sophisticated Russian and Chinese weaponry. This assessment was reinforced in September 2025 by statements from Mohammad Eslami, head of Iran’s Atomic Energy Organization, who announced that Iran would sign an agreement with Russia to construct eight nuclear power plants — four in Bushehr — and confirmed that the second and third units of the Bushehr nuclear facility were already under construction.⁽⁷⁶⁾

On September 23, 2025, Abolfazl Zohrehvand, a member of the Iranian Parliament’s National Security Committee, disclosed that Russian MiG-29 fighter jets had already been deployed to Iran as part of short-term measures. He added that Sukhoi-35 jets would be delivered gradually — without specifying a schedule — as part of longer-term plans. Zohrehvand also noted that certain shipments of equipment and components for the S-400 missile system had been transported to Iran using heavy-lift aircraft. Several weeks later, on October 13, 2025, Russian Foreign Minister Sergey

Lavrov stated that Russia faced no legal restrictions in its military-technical cooperation with Iran and was supplying Tehran with the combat systems it required,⁽⁷⁷⁾ in response to questions regarding the transfer of the S-400 system and advanced fighter jets.

Claims regarding Iran’s acquisition of advanced Russian or Chinese military hardware remain largely speculative, lacking confirmation from official sources in either country. This is particularly significant in light of Russia’s early statements during the height of the armed conflict, which emphasized that its agreement with Iran did not contain a mutual defense clause that would obligate either side to intervene militarily if the other were attacked. Some observers interpreted this as a clear indication of Russia’s unwillingness to provide military support to Iran in its war with Israel, though Putin later clarified that Iran had not formally requested assistance from Moscow.⁽⁷⁸⁾

Evidence and recent developments indicate that China and Russia pursue calculations distinct from those of Iran. For both, an alliance with Tehran carries the burden of supporting a diplomatically isolated and besieged partner, given Iran’s policies that have entrenched it in continuous conflict with regional and

international actors. Both Beijing and Moscow also maintain close ties with the Gulf states and are cautious that arming Iran with strategic weaponry could jeopardize these relations.

Additionally, the dynamics of relations with the West and the strategic balance involving Israel are central considerations in Sino-Russian engagement with Iran. Both countries appear to prioritize their interests with Western powers — key allies of Israel — over those with Tehran. China, in particular, is concerned that backing Iran could further strain its already delicate ties with the United States, while Russia worries that providing military assistance to Iran could disrupt the carefully calibrated military balance in Ukraine. Such a scenario might provoke Washington and European capitals to supply Kyiv with advanced strategic weaponry, potentially reshaping the Russia-Ukraine conflict and increasing costs for Moscow, which is already economically drained by the prolonged war.

The Nuclear Issue and Sanctions

In the aftermath of the 12-Day War, debates in Iran resurfaced over the effectiveness of its “Look East” policy, particularly as the conflict revealed the limits of Chinese and Russian support during

a confrontation that brought the Iranian government close to collapse. Even Iranian President Masoud Pezeshkian publicly expressed disappointment that Tehran's allies — referring to Moscow and Beijing — had not provided the expected backing. Nonetheless, facing sustained nuclear pressures and intensified international sanctions, the Iranian leadership increased coordination with both countries after the war, regarding them as strategic pillars capable of helping Tehran counter nuclear constraints, mitigate the effects of US and global sanctions and deepen its integration into non-Western political and economic frameworks.

This strategic orientation was reflected in high-level diplomatic engagements between Iranian, Chinese and Russian officials following the conflict, coinciding with Western attempts — through the IAEA and the UN Security Council — to reimpose international sanctions on Iran. In response, China and Russia expressed solidarity with Tehran, backing its position on the nuclear issue. When alternative proposals to reinstate sanctions via the Security Council were rejected, both countries declared they would not recognize the reimposition of international sanctions, labeling such measures illegal and politically damag-

ing. Furthermore, following the partial lifting of sanctions, Russia signed an agreement with Iran to construct four new nuclear power reactors, establishing a critical economic partnership and signaling a broader political message to Washington and Western capitals.

There is no doubt that Iran relies on Chinese and Russian support to counterbalance US pressure. Tehran leverages this Chinese and Russian support as a bargaining chip with the United States. Yet, at this critical stage, the United States is working to undermine the effectiveness of this trilateral alignment by imposing a range of sanctions on Russian and Chinese companies that cooperate with Iran. US policy — primarily aimed at pressuring Russia over Ukraine and curbing China amid global competition — has limited the full impact of US sanctions on Iran. Nevertheless, both Russia and China continue to provide crucial economic and diplomatic support to Iran within the framework of a strategic partnership in a world challenging US hegemony. This support is a key factor in Iran's ability to withstand international isolation and resist US demands for a complete cessation of uranium enrichment.

However, Iran's gains remain constrained. While Moscow and Beijing use

the issue as leverage against the United States, Iran requires more than diplomatic backing to counter the approach of the Trump administration. Despite the declared strategic partnership, neither Russia nor China has unequivocally committed to fully supporting Iran, as both are cautious not to directly confront the United States and the West — particularly China, which seeks to protect its economic ties with Western nations rather than risk them for Iran's benefit.

Conclusion: Scenarios of Russian and Chinese Relations With Iran Throughout 2026

Russia and China approach their relations with Iran through the lens of multiple national interests. Central to these are their relations with the United States and the broader West, their positions on Iran as well as the interests of regional actors such as the Gulf states and Israel. Within this framework, both countries support Iran's nuclear rights, oppose sanctions and engage in economic cooperation only when it serves their own strategic benefit. For example, China has a strong interest in acquiring Iranian oil at discounted prices, whereas economic cooperation between Iran and Russia remains limited due to structural similarities in their economies.

When it comes to supplying Iran with advanced weaponry capable of shifting the existing deterrence balance — particularly in air defense, amid persistent Israeli threats — both Russia and China are acutely aware of the implications and are not expected to take significant steps in this direction. As a result, the current equilibrium leaves Iran as the most affected party: caught between an adversary demanding full capitulation and allies offering only the minimum support necessary to maintain its confrontation, without providing a way out of a deteriorating situation. Based on current trends and available data, this state of affairs is likely to persist throughout 2026.

Europe’s Role in Reinstating UN Sanctions on Iran

The 2024 ASR concluded that Iran faced a significant risk of the return of UN Security Council sanctions upon the official expiration of the nuclear agreement in October 2025. These are the same stringent sanctions previously imposed on Tehran before the 2015 nuclear deal between Iran and the six world powers. This scenario has already materialized as European countries have reinstated these sanctions following the collapse of diplomatic efforts to resolve issues related to Iran’s nuclear program.

This part examines these developments under three main headings: the shift in the European stance toward Iran, from mediation to the reimposition of sanctions; the influence of security approaches in driving this shift; and European concerns regarding Iran’s growing integration into the Russian-Chinese axis. Finally, the report outlines the likely trajectory of relations between Europe and Iran in 2026.

Europe’s Position on Iran Shifts From Mediation to the Reinstatement of Sanctions

Europe’s role in the reinstatement of UN sanctions on Iran following the activation of the snapback mechanism in September 2025 marked a decisive turn in its decades-long approach to Iranian nuclear diplomacy. Designed under UN Security Council Resolution 2231 as part of the 2015 JCPOA, the snapback mechanism was originally conceived as a last resort to ensure Iranian compliance. Its activation by the E3, despite Washington’s 2018 withdrawal from the JCPOA, created significant legal ambiguities and drew strong objections from China and Russia,⁽⁷⁹⁾ yet it nonetheless produced renewed political convergence between France, Germany, the UK and the United States.

Europe’s endorsement of the measure illustrates how shifting geopolitical pressures, Iran’s nuclear trajectory and deteriorating bilateral relations have pushed European governments away from their mediatory role and toward a more assertive position aligned with US containment strategies.⁽⁸⁰⁾ Indeed, even though European countries officially opposed US-Israeli military strikes against Iranian nuclear and military infrastructure in June 2025, they nonetheless welcomed the outcome, as emphasized by President Trump in the November 2025 US National Security Strategy: “In Operation Midnight Hammer, we obliterated Iran’s nuclear enrichment capacity.”⁽⁸¹⁾ Despite the shared view that Iran has been unable to enrich uranium since June 2025, a debate has emerged between European states and the Trump administration regarding Washington’s assertion that the Iranian nuclear issue is now resolved. From the European perspective, direct nuclear diplomacy between Iran and the United States must be placed back on the agenda to prevent a new Israeli military intervention in 2026.

Europe’s Shift in Stance Toward Iran Driven by Security Considerations

The new EU approach toward Iran, which aligns with the United States’ maximum pressure policy, is rooted above all in

security concerns. For years following the US withdrawal from the JCPOA, Europeans attempted to preserve space for diplomacy through balanced criticism, limited sanctions and mechanisms such as the Instrument in Support of Trade Exchanges (INSTEX) to sustain humanitarian trade. By 2025, however, a succession of events eroded the foundations of this balancing act. Iran's increased uranium enrichment, opaque cooperation with the IAEA and rhetoric rejecting JCPOA-related obligations after the expiration of key restrictions in October 2025 alarmed European policymakers who had long warned of the risks of nuclear escalation.

Moreover, according to European security agencies, evidence of Iranian covert activity on European soil has continued to grow. Security services in the UK reported the disruption of more than 20 Iran-linked plots since 2022, most of them targeting dissidents or involving surveillance of political figures. In July 2025, a coalition of 14 Western governments publicly condemned Tehran for orchestrating hostile operations across Europe, prompting the expulsion of diplomats and intensified intelligence cooperation.⁽⁸²⁾ Although Iran has consistently denied responsibility, dismissing the accusations as politically motivated, the cumulative effect has significantly reshaped Europe-

an threat perceptions. Acts once viewed as isolated incidents increasingly appear to form a broader pattern of sustained coercion and interference.

Europe's posture shifted accordingly. In 2025, the E3 judged that the credibility of non-proliferation norms and their own security required support for the measure, even at the risk of further antagonizing Tehran. Yet Europe has simultaneously insisted on maintaining a multilateral framework to regulate Iran's nuclear program. At the November 2025 IAEA Board of Governors meeting, the E3 drafted a resolution urging Iran to halt enrichment activities and restore full compliance with monitoring obligations.⁽⁸³⁾ Iran rejected the resolution on the grounds that UN Security Council Resolution 2231 had expired, but the episode revealed Europe's attempt to combine pressure with the preservation of institutional oversight. This dual strategy reflects a broader European preference for rules-based crisis management even as its diplomatic space narrows.

Economic factors have added complexity and ambiguity to Europe's evolving stance. Prior to the triggering of the snapback mechanism, EU-Iran trade had already declined sharply due to the chilling effect of US secondary sanctions. By 2024, EU-Iran trade totaled only 4.5 billion eu-

ros, with Europe exporting far more to Iran than it imported.⁽⁸⁴⁾ Despite this tightening posture, some European policymakers privately maintain that future reengagement with Iran cannot be excluded if diplomacy resumes and sanctions relief becomes possible under a renewed nuclear agreement. For now, however, this pragmatic inclination remains theoretical. Europe thus finds itself in a liminal position, enforcing sanctions yet trying to preserve diplomatic architecture that might be needed if direct US-Iran nuclear negotiations eventually resume.

European Concerns Over Iranian Integration Within the Russo-Chinese Axis

The regional military dimension further complicates Europe's approach. Iran's deepening partnership with Russia since 2022 has redefined the strategic environment. Tehran's supply of drones and missiles to the Russian military, formalized in a 20-year cooperation agreement ratified in May 2025, reinforces Europe's view that Iran is not merely a regional actor but a contributor to threats affecting European security directly through the war in Ukraine. According to the European perspective, Russia's refusal to implement snapback sanctions and its defense of Iran within the UN Security Council

undermine multilateral cohesion and widen the geopolitical divide. What was once a shared diplomatic effort under the JCPOA has fragmented into competing blocs, with Europe aligning firmly with the United States and Iran integrating more deeply into a Russia-China axis.

The Middle Eastern theater adds further volatility. Iranian progress in ballistic missile technologies, combined with recurring tensions with Israel, raises the specter of military confrontation. Israeli leaders have openly warned that they may strike Iranian nuclear facilities if diplomacy fails, and the memory of the joint US-Israeli bombing of Iranian enrichment sites in June 2025 remains fresh. European governments fear that renewed escalation could disrupt energy flows, trigger refugee movements and further destabilize an already fragile regional balance. Within this context, Europe’s attempt to balance pressure and dialogue increasingly appears constrained by structural geopolitical realignments.

Conclusion: 2026 Trends in Iran-Europe Relations

Taken together, these dynamics demonstrate that Europe’s support for reinstating UN sanctions marks more than a tactical adjustment. It represents a strategic pivot that brings an end to the JCPOA-era

perception of Europe as an intermediary capable of bridging US and Iranian preferences. This transformation is unlikely to be reversed quickly. The challenge for Europe will be to prevent the current phase of antagonism from hardening into long-term confrontation while safeguarding non-proliferation norms and managing the broader consequences of great-power rivalry in a fragmented global order.

Iran’s Options Following US Strikes Against Its Nuclear Facilities

The 2024 ASR further predicted that Iran would adopt an approach based on strategic patience, seeking to navigate pressures and sanctions while remaining open to dialogue. The goal would be to see out Trump’s term with minimal losses and obligations, replicating the experience of his first term. The report anticipated that this approach could lead to the reimposition of maximum sanctions and even the potential targeting of Iran’s nuclear facilities if Iran refused to sign a new agreement with his administration or Washington supported Tel Aviv to target Iran’s nuclear facilities. It also foresaw the IAEA Board of Governors issuing a resolution condemning Iran. The report also forecasted that the IAEA would support the European troika countries’ use of the snapback mechanism and the reinstatement of sanctions

as stipulated in the nuclear agreement and UN Security Council Resolution 2231, before October 2025, as part of a policy of pressure on Iran.

The forecast came true in 2025, the faltering nuclear negotiations, mediated by the Sultanate of Oman between Iran and the United States, prompted Trump to shift toward a military option. Israel initiated the strikes with US approval, culminating in direct US participation in the bombing of Iranian nuclear facilities in June 2025. While this military action fundamentally altered the dynamics of the conflict, escalated the confrontation to an unprecedented level and confronted Iran with existential challenges, Tehran — despite the reimposition of international sanctions by the end of September 2025 — continues to operate within its traditional policy spectrum. It oscillates between flexibility and rigidity, hoping to gain time, strengthen its negotiating position and avoid exposure to a new attack.

This section assesses the extent to which US strikes on Iran’s nuclear facilities influenced Iranian options and policies and evaluates the potential outcomes as well as Iran’s future trajectory in light of these constraints and strategic calculations.

A Strategic Attack That Changed the Rules of Confrontation With Iran

At the beginning of 2025, Trump issued an executive order that revitalized the policy of maximum pressure. Accordingly, the US administration concentrated its efforts on targeting Iran's oil exports to deprive the establishment of its most important economic resource and to exploit deteriorating post-war economic conditions to create further challenges for Iran's economy and living standards.

By March, Trump sent a direct letter to the supreme leader, giving him a two-month deadline to engage in direct negotiations with Washington or face unprecedented consequences. Initially, the supreme leader rejected both the threats and negotiations under duress, but was ultimately compelled to accept talks mediated by Oman.

The two sides proceeded through six rounds of negotiations but failed to resolve their differences. Washington insisted on depriving Iran of the ability to enrich uranium on its territory — a right Iran considered inalienable — while Iran maintained its policy of nuclear ambiguity. Consequently, before the scheduled seventh round on June 15, Israel launched a large-scale military strike on Iran on June 13, 2025, with the United States granting its approval.

Israeli strikes continued for 12 days and caused extensive damage across Iran, including to its nuclear facilities, exposing a state of strategic vulnerability and a sharp power imbalance. Nevertheless, Iran gradually managed to arrange its positions through missile strikes, establishing a degree of deterrent balance. When the Israeli offensive failed to destroy the most heavily fortified nuclear sites, Washington intervened on June 22, 2025, launching surprise strikes using bunker-busting bombs against the Fordow, Isfahan and Natanz facilities, putting them out of operation. The Trump administration reported that 440 kilograms of 60% enriched uranium were destroyed in these attacks, temporarily neutralizing the Iranian nuclear threat.⁽⁸⁵⁾

Iran retaliated with a missile strike on Al Udeid Air Base in Qatar, but Trump characterized it as a symbolic action aimed at saving face and intervened to halt the escalation of the war on June 25, 2025.

Strategic Challenges Facing Iran

The war altered the rules of engagement and imposed a new reality on Iran. While it initially unified the domestic front and fostered popular solidarity with the leadership in defending the homeland, over time demands for accountability and reform intensified, with the population still awaiting concrete policies from the government

to confront ongoing challenges. "Reformists," in particular, called for changes to Iran's nuclear policy and its stance toward the United States. At the same time, the conflict exposed Iran's security vulnerabilities, weaknesses in strategic and intelligence capabilities and the extent of infiltration within its ranks. It also revealed the collapse of Iran's forward defense doctrine and the absence of its regional allies from the conflict equation. Moreover, the Trump administration escalated pressure, and European parties joined the escalation by invoking the snapback mechanism, which reinstated UN sanctions on Iran in September 2025. These developments produced widespread negative effects on the Iranian economy.

It appears that the US airstrikes inflicted severe damage on Iran's nuclear program, setting it back by a period ranging from several months to two years, according to varying estimates. This resulted in the significant waste of decades of effort and accumulated nuclear resources, as well as the loss of potential opportunities that might have emerged had Iran pursued a different nuclear path. Most importantly, these strikes prompted Washington to reformulate its negotiating stance with a harder line, insisting that negotiations cannot begin unless Iran first agrees to halt uranium enrichment on its territo-

ry. Washington also demands that Iran cease development of its missile capabilities, revise its regional policies and stop supporting its regional axis. Should Iran reject these conditions, the United States has signaled that military action could be repeated. The danger for Iran is that future attacks could aim at regime change, as both the United States and Israel seek to bring about radical shifts designed to reshape the Middle East according to their strategic interests.

Strategic Flexibility and Hedging

In response to the repercussions of the war, Iran is attempting to adapt through a dual-track policy that combines flexibility with precaution. On one hand, it suspended uranium enrichment and halted operations at some nuclear sites to avoid provoking Trump or Israel into renewed military action. It has also kept the door to negotiations open, seeking to return to the table only after accumulating leverage so as not to accept unfair settlements. Simultaneously, it is taking precautionary measures by strengthening its deterrence capabilities, addressing security gaps and intelligence penetrations, restoring relations with the “Axis of Resistance” and preventing internal unrest from developing into a new wave of protests that the United States or Israel could exploit to

accelerate the establishment’s collapse or gain leverage in negotiations. On the other hand, Iran is confronting its economic crisis through a policy of economic resistance, aimed at neutralizing sanctions by relying on domestic capabilities, pursuing a regional neighborhood policy and deepening ties with powers outside the West, notably through its “look to the East” policy, i.e., toward China and Russia.⁽⁸⁶⁾ Following the US-Israeli airstrikes, Iran lost the deterrent effectiveness of its previous nuclear ambiguity policy. In response, it has adopted a deeper nuclear “opacity strategy”—commonly known as “deliberate ambiguity.” It denied the IAEA access to targeted nuclear sites, canceling the agreement it had signed with the agency in Cairo, and withholding disclosure of its 440 kilograms of 60% enriched uranium, in an attempt to restore strategic balance after the war.

Conclusion: Iran’s Strategic Outlook and Post-Strike Options

US strikes on Iran’s nuclear facilities have reshaped the strategic environment around the country, leaving Iran weakened and narrowing its available options, including its traditional strategy of strategic patience. These strikes have also diminished Iran’s bargaining power. Consequently, the Iranian establishment

faces critical demands, with mounting pressures that could erode its legitimacy and even trigger a new military operation, potentially threatening its survival — especially if it persists in its current policies of intransigence and nuclear opacity and continues to challenge the power diplomacy pursued by the US president.

Nonetheless, the Iranian establishment, prioritizing survival and guided by a flexible ideological framework, may attempt to leverage diplomacy — supported by the maximum possible pressure cards — to reach a new understanding with the United States. Such an understanding could mitigate the crisis, as it is seen as central to resolving all problems and confronting all challenges. The resulting agreement might be balanced, allowing the establishment to save face, or it might be imposed unfairly, with the victor dictating the terms; this will depend on the flexibility of both sides. While Trump may be reluctant to authorize a new military intervention, Israel could act unilaterally, potentially executing a swift strike to influence Iran’s position or accelerate political change within the ruling system, thereby opening the way for a reconfiguration of the Middle East.

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PART 4



SAUDI ARABIA IN REVIEW

Saudi Arabia's policies in 2025 reflected a coherent, adaptive national strategy that seamlessly aligned domestic transformation with evolving regional and international realities. Anchored in its comprehensive national vision, the kingdom recalibrated its priorities and redefined its strategic roles. Through robust national, economic and institutional policies, Saudi Arabia strengthened its resilience, enhanced its capacity to navigate challenges, managed regional affairs more effectively and pursued a more independent and balanced posture in global dynamics. This part examines the key trajectories of Saudi policy in 2025 and forecasts its principal directions for 2026 as follows:

- National Policies and Adaptive Responses — A Flexible Vision
- Saudi Arabia's Continuous Efforts to Contain Regional Crises
- Forging Strategic Partnerships Amid Global Turbulence
- Strategic Challenges for Saudi Policy

Part three of the 2024 edition of the ASR titled “Saudi Arabia’s 2024 Policy” represented a methodological extension of previous strategic assessments, maintaining its focus on evaluating the transformations underway in the kingdom of Saudi Arabia in light of the objectives of Vision 2030, which serves as the overarching framework guiding political, economic and security modernization. The file concentrated on evaluating the capacity of Saudi national policies to adapt to an increasingly turbulent regional environment marked by escalating crises and widening spillover effects. It also examined the kingdom’s expanding role in managing regional balances and its positioning within a shifting international system characterized by declining stability and rising polarization. In doing so, the 2024 version offered a comprehensive reading of how domestic dynamics interacted with external pressures, and of the mechanisms the kingdom employed to sustain reform and reinforce stability.

Building on this analytical foundation, the 2025 ASR on Saudi Arabia addresses a more complex phase defined by unprecedented overlap between domestic trajectories and regional and global challenges. The first section focuses on national policies and the

kingdom’s adaptive responses within the framework of a flexible vision — highlighting Saudi Arabia’s ability to recalibrate its development and reform priorities without deviating from the strategic direction of Vision 2030. The second section examines the kingdom’s regional role and its active engagement in containing regional crises, analyzing the political and diplomatic tools deployed to enhance stability, manage crises and mitigate the security implications of regional conflicts. Finally, it concludes with an elaboration on strategic partnerships amid a volatile international context, discussing Saudi Arabia’s positioning within its global network of relations and the balancing of major partnerships in an environment marked by intensifying great-power competition and the erosion of traditional structures of the international order.

Through this lens, the 2025 ASR seeks to provide an in-depth analytical reading of the kingdom’s trajectory during a year defined by heightened risks but also by an expanding margin of Saudi agency at the domestic, regional and international levels — reflecting a transition from managing transformations to actively shaping the broader environment.

National Policies and Adaptive Responses — A Flexible Vision

With a clear emphasis on balancing sustainable economic development, consolidating national identity and elevating the country’s cultural and social standing, 2025 witnessed a strengthening of national Saudi policies within the framework of Vision 2030. This was reflected in strategies designed to address domestic challenges with flexibility, allowing for the reassessment of projects and initiatives in line with the public interest, ensuring efficient use of national resources and reinforcing social cohesion and pride in Saudi heritage and identity.

Identity Policies: Preserving Authenticity Amid Modernization

Saudi Arabia continued its efforts to reinforce national identity and preserve cultural authenticity while advancing the ambitious modernization agenda of Vision 2030. The leadership emphasized that economic, social and cultural development does not conflict with pride in national heritage and core values; rather, it strengthens them through a balanced blend of tradition and modernity. This approach materialized in clear policies aimed at deepening national identity by celebrating historical

symbols, elevating the kingdom's spiritual and cultural stature and launching initiatives that link heritage with innovation — affirming the role of culture and the arts as strategic pillars for enhancing national belonging and expanding regional and global influence. This orientation has become a central component of the kingdom's vision for ensuring the sustainability of national identity amid contemporary transformations and challenges.

Vision 2030: Reinterpreting Targets

Saudi engagement with Vision 2030 in 2025 revealed a process of reinterpretation of objectives — moving beyond traditional thinking and focusing on achieving targets rather than implementing every project literally. Crown Prince Mohammed bin Salman's candid remarks before the Shura (Consultative) Council underscored the intellectual and strategic flexibility underpinning the vision, stressing that “The public interest is the ultimate goal we seek through these programs and targets [...] we also affirm that we will not hesitate to cancel or make any radical amendments to any programs or targets if we determine that the public interest requires it.”⁽¹⁾ A similar message was echoed by the Minister of Finance Mo-

ammed al-Jadaan during a roundtable hosted by the Atlantic Council on the sidelines of the IMF-World Bank Annual Meetings in Washington on October 15, 2025, where he stated, “The Crown Prince's message was clear — we must avoid any pride over projects we undertake. If a project no longer makes sense, we will not hesitate to change it, suspend it, or extend it.”⁽²⁾

A comparison of Vision 2030 with international benchmarks reveals that the Saudi vision has been among the most actively implemented and institutionally adopted. In many countries, national visions serve primarily as strategic frameworks guiding broad ambitions rather than as programs intended for literal execution within fixed timelines. Often, such visions are issued without binding requirements for government institutions, resulting in limited or opaque implementation. No strategic vision anywhere achieves all its goals; over time, some components prove costlier than their benefits, and rigid adherence to initial projects can hinder adaptation and maturation as strategy meets reality. In contrast, Vision 2030 succeeded in mobilizing both the state and society, influencing the Arab region, and becoming one of the most closely monitored national visions

globally. Since its launch in 2016, Saudi institutions have aligned their plans, statements and projects with its objectives.

It is also important to note that Vision 2030 was conceived before the global rise of AI, digital and cyberwarfare, the Gaza and Ukraine wars — with their profound political, economic, financial and technological repercussions — and before the escalation of tariff conflicts among major powers in 2025.

These sweeping global shifts between 2016 and 2025 have generated new opportunities and challenges requiring continuous policy and priority adjustments. Within this context, Saudi Arabia in 2025 reaffirmed the centrality of the oil economy. While Vision 2030 created an impression that economic diversification and the focus on non-oil sectors and clean energy implied a diminishing role for oil, Saudi officials in 2025 explicitly rejected this interpretation. They emphasized that the vision never sought to eliminate oil revenues but to diversify the economy to strengthen it. Jadaan was particularly direct after the approval of the 2026 budget on December 2, explicitly stating that he hopes the kingdom does not reach a point where it relies solely on non-oil revenues, con-

firming that Saudi Vision 2030 was not designed to end reliance on oil.⁽³⁾

The release of the preliminary statement for the 2026 budget marked the strategic beginning of the third phase of Vision 2030, focused on expanding growth opportunities and ensuring a sustainable impact beyond 2030. This phase is anchored in a “counter-cyclical, expansionary fiscal policy” directed toward national priorities, strengthening the kingdom’s fiscal position and maintaining substantial financial reserves.⁽⁴⁾

Consolidating National Identity and Celebrating Heritage Amid Multiple Challenges

National identities across the world face mounting pressures amid global transformations and regional crises. For Saudi Arabia, safeguarding national identity stands at the forefront of state priorities. This commitment goes beyond preserving national character, traditions and values within a modern state; it also entails a deliberate transition from a passive form of citizenship — where the state is viewed as a given — to an engaged citizenship in which every individual contributes through effort and creativity. In this model, pride in nationality and national identity becomes deeply rooted, while de-

velopment proceeds in harmony with the diverse heritage of Saudi cities, regions and provinces. Together, these elements form the foundations of a soft power that blends the depth of heritage with the imperatives of modernization.

Within this context, the kingdom launched in 2025 a series of initiatives centered on celebrating national heritage as part of its development trajectory. This was evident in the affirmation by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz of his pride in the anniversary of the founding of the Saudi state — an event that reflects nearly three centuries of statehood built on security, justice and pure creed since the era of Imam Muhammad bin Saud in 1727. It was also reflected in the 95th National Day (September 23rd), which the government used as an opportunity to present “identity” as a political, cultural and social act — highlighting the significance of the political achievement of the late King Abdulaziz bin Abdulrahman Al Saud and cementing this historical moment as a cornerstone in shaping national identity.

During these national occasions, the state’s narrative provides deeper insights into the founding of the Kingdom of Saudi Arabia. In 2025, newly revealed documents shed light on the early use of

the term “Saudi” during the first founding period, confirming that the state that emerged from Diriyah carried various forms of the name “Saudi” as early as 1817 — such as “the Saudi State,” “the State of Ibn Saud” and “the Saudis.” These designations were later formalized under King Abdulaziz with the adoption of the name “The Kingdom of Saudi Arabia.”⁽⁵⁾

As part of efforts to reinforce and honor national symbols, King Salman issued a decision during the Founding Day celebrations on February 22, 2025 to name 15 major squares in Riyadh⁽⁶⁾ after the imams and kings of the Saudi state. This initiative strengthens citizens’ sense of pride and belonging, encourages engagement with national history and underlines Riyadh’s rich history as part of a 300-year-old legacy. The king also approved the official symbol of the Saudi riyal, a step aimed at reinforcing the identity of the national currency and deepening cultural pride.⁽⁷⁾ The launch of the National Day identity under the slogan “Our Pride Is in Our Nature” further emphasized authenticity and deeply rooted values.

The year 2025 was also designated the Year of Handicrafts, highlighting cultural and artisanal creativity and supporting technological initiatives such as

the Absher Tuwaiq Hackathon 2025 to empower national talent. Heritage-focused events, including the AlUla Camel Cup, contributed to strengthening local communities and preserving cultural traditions. In the same spirit, the brand identity of King Salman International Airport was announced.

Saudi Arabia's commitment to strengthening national identity is also reflected in its dedication to preserving and promoting Arab culture. The inauguration of the Prince Mohammed bin Salman Global Center for Arabic Calligraphy in Madinah on December 22⁽⁸⁾ conveyed a global message about the significance of this artistic heritage and the esteemed status of Arabic calligraphy. The center underscores the leadership's deep interest in culture and identity, rooted in Madinah's historical role as the birthplace of the Arabic script, the cradle of Quranic writing and a center of Islamic scholarship — embodied historically in institutions such as Dar Al Qalam Residency. These initiatives align closely with the objectives of Vision 2030.

The kingdom's ongoing efforts to register Saudi sites on the UNESCO World Heritage List further reinforce national identity. Notably, the Saudi Heritage Commission announced in September

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Saudi Aspirations to Emerge as a World Leader in Artificial Intelligence in a Highly Competitive Environment



the discovery of the oldest documented architectural human settlement in the Arabian Peninsula at the site of Masyoun in northwestern Tabuk, dating back approximately 10,300 years to 11,300 years.⁽⁹⁾ All these developments reflect a coherent national approach that strengthens identity and heritage while advancing modernization in a harmonious and mutually reinforcing manner.

Elevating Spiritual, Cultural and Regional Heritage Status

Saudi Arabia continues to strengthen its spiritual, cultural and regional heritage as an integral component of its national identity, seeking to amplify the unique status with which it has been endowed. In 2025, the kingdom adopted a series of initiatives aimed at reinforcing its spiritual, cultural and heritage prominence. On October 15, Crown Prince and Prime Minister Mohammed bin Salman launched the King Salman Gate project, designed to deliver a transformative upgrade to the infrastructure of Makkah and its central zone, positioning the area as a global model for urban development.⁽¹⁰⁾ Earlier in January, the “In the Prophet’s Steps” initiative — also known as the Path of Prophetic Migration Initiative (Following in His Foot-

steps) — was launched, offering an immersive experience that recreates the historical route of the Holy Prophet’s migration from Makkah to Madinah, deepening visitors’ connection to the prophetic biography.

The King Abdulaziz Foundation for Research and Archives (Darah) also inaugurated the forum on the History of Hajj and the Two Holy Mosques, highlighting Saudi Arabia’s historical and organizational contributions to serving the holy sites, documenting architectural and artistic transformations in the sacred precincts and promoting the study of history through digital media, modern technologies and AI in a sustainable knowledge-driven format. Meanwhile, AlUla hosted the Ancient Kingdoms Festival, which took visitors on an extraordinary journey spanning thousands of years of human history, reviving ancient trade routes that once made AlUla a civilizational crossroads along the Incense Route linking southern Arabia to the Mediterranean.

Within the broader Vision 2030 framework that positions culture as a profitable and investable sector, the kingdom held its first Cultural Investment Forum in September to elevate cultural investment as a pillar of sustainable development. Under the title

“Our Saudi Narrative: A Window Into Museums,” the Museums Commission launched the first phase of a traveling interactive exhibition across Saudi cities, beginning in the Qassim region. The exhibition offered audiences an unconventional experience blending authenticity and innovation, enabling direct engagement with national heritage.

The Diriyah Company signed a memorandum of understanding (MoU) with the Saudi Research and Media Group (SRMG)⁽¹¹⁾ to expand cooperation in media and cultural content, spotlighting Diriyah as a national symbol with global resonance. To foster cultural exchange and highlight the lives of expatriate communities, the Ministry of Media launched its “Global Harmony 2” initiative, showcasing the professional, family, social and recreational dimensions of expatriates’ lives and their integration within Saudi society.

Saudi efforts to promote cultural identity extended beyond domestic initiatives. In June 2025, Saudi Arabia and China took a significant step toward deepening artistic understanding by establishing the Silk Council for Culture,⁽¹²⁾ a non-profit entity aimed at supporting creative collaboration between the two regions whose historical memories intersect with contemporary aspirations.

The council was founded following an MoU between Shashai Studio and the Asian Academy of Arts, drawing inspiration from the symbolism of the ancient Silk Road. The council aims to launch initiatives that blend heritage with innovation, enabling Saudi artists to showcase their work in China and East Asia, and vice versa.

In the artistic sphere, the Film Commission — through the National Film Archive — launched the Cinema initiative⁽¹³⁾ to enrich cinematic knowledge across written, audio and visual formats, opening the door for critics, researchers and filmmakers to contribute to cinematic awareness and stimulate critical and scholarly engagement. The Riyadh Art Program opened submissions for the seventh edition of the Tuwaiq Sculpture 2026, titled “Traces of What Will Be,” attracting sculptors from Saudi Arabia and around the world to propose works that will become part of Riyadh’s evolving cultural landscape. The fifth edition of the Red Sea International Film Festival in Jeddah further underscored Saudi Arabia’s growing artistic presence on the global stage.

Across these initiatives, a consistent emphasis was placed on linking culture with investment. This was evident from the King Salman Gate Project — expect-

ed to diversify the local economy and create more than 300,000 jobs by 2036 — to the Cultural Investment Conference and the Joy Awards 2026. All these efforts were closely aligned with the objectives of Vision 2030.

Sustaining political decisions aimed at reinforcing national identity requires translating them into long-term programs and frameworks that produce diverse and continuous cultural outputs, rather than limiting them to the momentum accompanying their announcement. In particular, National Day and Founding Day activities should manifest throughout the year in the form of seminars, intellectual dialogues and strategic national discussions that deepen the meaning of identity and statehood as they have evolved over the past three centuries.

Diversifying the Economy and Building the Kingdom’s Strategic Capacity

Reflecting Saudi Arabia’s determination to recalibrate its economic policies in alignment with national interests and to maximize overall impact, clear economic shifts characterized by flexibility and boldness occurred in 2025. Key developments included the following:

Enhancing Government Efficiency and Combating Corruption

Saudi Arabia undertook numerous measures in 2025 to improve government efficiency — an essential foundation for a healthy and competitive economy. This commitment was evident across several indicators. In late June, the Oversight and Anti-Corruption Authority (Nazaha) announced the arrest of several individuals involved in 18 corruption cases,⁽¹⁴⁾ reaffirming its continued efforts to detect and prosecute anyone who misuses public funds, exploits their position for personal gain or harms the public interest — even after leaving public office — given that financial and administrative corruption crimes do not lapse with time. Additionally, a new General Department for Community Security and Combating Human Trafficking was established.⁽¹⁵⁾

On the regulatory front, the updated White Land Tax system was implemented, and a new law governing the expropriation of property for public interest was approved. The law aims to balance the kingdom’s rapid development needs with the protection of property owners’ rights and the guarantee of fair compensation. A decision was also issued to reorganize foreign ownership regulations in economic zones, with the updated

framework set to take effect in January 2026. This step seeks to strengthen the real estate sector's contribution to GDP and diversify national income sources beyond oil. Meanwhile, the Real Estate General Authority (REGA) warned against unauthorized fundraising activities conducted under the pretext of real estate development without proper licensing.

In pursuit of a more efficient public sector, the kingdom introduced the Golden Handshake⁽¹⁶⁾ program, offering financial incentives to long-serving government employees who voluntarily resign. The initiative aims to reduce payroll-related expenditures and aligns with global trends to enhance public-sector efficiency. The Ministry of Human Resources and Social Development also issued a decision classifying work permits by skill level, establishing clear eligibility criteria for assessing the qualifications of expatriate workers. The objective is to improve workforce performance and transfer high-level expertise to the Saudi labor market.

In the minerals sector, the government introduced precautionary measures to strengthen compliance with anti-money laundering regulations for traders of precious metals and gemstones. All merchants are required to re-



port suspicious financial transactions through the Taqassi platform. These efforts include the issuance of a dedicated Anti-Money Laundering (AML) and Combatting the Financing of Terrorism (CFT) guidance manual for businesses dealing in precious metals and gemstones.⁽¹⁷⁾ In the cybersecurity domain, the National Cybersecurity Authority launched the Phishing Simulation Ser-

vice in September to enhance cybersecurity awareness among government employees, reduce phishing risks and protect national digital infrastructure — advancing the goal of a secure and trusted cyber environment.

Saudi Arabia's efforts in these areas yielded notable international recognition. The kingdom — represented by the president of Nazaha — was elect-

ed to the Executive Committee (ExCo) of the INSTC. In June, the UN selected Saudi Arabia — represented by the General Authority for Statistics — to join the High-Level Group for Partnership, Coordination, and Capacity-Building for Statistics for the 2030 Agenda for Sustainable Development (HLG-PCCB).⁽¹⁸⁾ This selection reflects the kingdom's progress in developing an advanced statistical ecosystem grounded in innovation, quality and openness, and underscores its commitment to transparency and the provision of accurate data to support development policies in line with Vision 2030.

A New Economic Approach to Mining, Energy, Industry and the “New Oil”

The year 2025 marked the crystallization of a new Saudi economic approach characterized by boldness, flexibility and a deliberate break from traditional policy patterns. This approach reaffirmed that economic positions are not static but are continuously recalibrated to serve national interests. This principle was articulated clearly by the crown prince in his address to the Shura Council on September 10, and echoed repeatedly by senior economic officials — most notably the minister of finance who advanced a redefined con-

cept of spending efficiency as a tool for maximizing impact rather than merely reducing expenditures, and as a comprehensive institutional culture rather than a narrow accounting exercise.⁽¹⁹⁾

Within this framework, the kingdom adopted a transparent stance on public borrowing, framing it as an investment-financing tool for productive strategic programs rather than a financial burden. Borrowing was directed toward growth-generating sectors such as tourism, industry, logistics and technology. This was underscored by the minister of finance during a roundtable hosted by the Atlantic Council on October 15 in the United States, where he emphasized that Saudi Arabia borrows to fund “productive strategic programs that create investment and employment opportunities,” citing the logistics sector as an example.

The outcomes of this vision and its policies were reflected in strong economic performance indicators in 2025. According to the preliminary statement of the (FY2026) national budget, the Saudi economy underwent a significant structural transformation that positively influenced key economic metrics. Real GDP grew by 4.1% from the beginning of 2025 through the third quarter

compared to the same period of the previous year.

On the investment front, data from the MAGNiTT platform showed that Saudi Arabia maintained its leading position in the Middle East and North Africa in terms of venture capital value during the first half of 2025. Investments in national startups reached 3.2 billion riyals (\$860 million), representing 56%⁽²⁰⁾ of total regional venture capital activity. The kingdom also recorded a historic high of 114 venture deals, underscoring the attractiveness of the Saudi market.

Although the budget statement projected a deficit of 165 billion riyals in 2026 (equivalent to 3.3% of GDP),⁽²¹⁾ it attributed this to the government's adoption of a counter-cyclical expansionary spending policy directed toward national priorities with high economic and social returns. This approach prepares the kingdom for the third phase of Vision 2030, reflecting a commitment to balancing economic-cycle responsiveness with fiscal sustainability targets. The government emphasized that flexible public-finance management enables continued support for growth without compromising medium-and long-term fiscal discipline.

Saudi Arabia's strong economic performance in 2025 was driven primarily by growth in non-oil economic activities. The crown prince highlighted this in his address to the Shura Council, noting that "For the first time in our history, non-oil activities have accounted for 56% of GDP, which has reached levels exceeding four and a half trillion riyals. All of this and other achievements have made the Kingdom a global hub attracting diverse activities."⁽²²⁾ The budget statement similarly reported that non-oil GDP grew by 4.7% year-on-year from the beginning of 2025 through the third quarter.

International trade data from the General Authority for Statistics for August 2025 showed that non-oil exports (including re-exports) increased by 5.5% compared to the same month of the previous year. The merchandise trade balance recorded a strong surplus of 24 billion riyals (\$6.4 billion), reflecting annual growth of 4%.

Unemployment among Saudi nationals fell to an unprecedented 6.3% by the end of Q1 2025 — the lowest level ever recorded since the publication of labor-force data. Saudi Arabia had originally set a target of reducing unemployment to 7% by the end of the decade, a goal achieved more than five years early

by the end of 2024. This prompted the government to revise its target upward, aiming for a 5% unemployment rate by 2030. Increased female participation in the labor market played a major role in this achievement, with female unemployment dropping to 10.5%, the lowest level on record and a decline of 3.6 percentage points year-on-year.

Saudi Arabia's economic performance was further validated by the Executive Board of the IMF, which issued a statement in early August praising the kingdom's strong economic resilience, sound fiscal policies and successful diversification strategies. The IMF affirmed that Saudi Arabia's economic outlook remains robust despite rising global uncertainty and declining commodity prices.

Sector-Specific Performance: Key Advances in the Saudi Economy in 2025

Mining Sector

The mining sector has emerged as the third industrial pillar of the Saudi economy — after oil, gas and petrochemicals — with mineral resources valued at approximately 2.5 trillion riyals. Determined to maximize the exploitation of its mineral wealth, the kingdom expanded the number of mining exploration companies from six in 2019 to

more than 134 in 2025. Saudi Arabia also launched the largest regional geological survey program in the world, 80% of which has been completed.

On October 12, Minister of Industry and Mineral Resources Bandar al-Khorayef announced that spending on mining exploration had exceeded initial expectations by more than double, reaching 500 riyals (\$133.3) per square kilometer.

Saudi Arabia aims to cement its position as a rising global power in critical minerals, declaring the sector the "third pillar" of its national economy. Its strategy seeks to convert its \$2.5 trillion mineral wealth into geopolitical and economic leverage. In December 2025, the Ministry of Industry and Mineral Resources opened competition for exploration licenses across three major mineral belts covering 13,000 square kilometers, rich in gold, silver, copper and zinc.

These efforts propelled Saudi Arabia from 104th place in 2013 to 23rd in 2024 on the Investment Attractiveness Index in the Fraser Institute's 2024 Annual Survey of Mining Companies. According to the Fraser Institute's 2024 annual survey, the kingdom also made significant progress on the Policy Perception

Index, rising from 82nd in 2013 to 20th in 2024.

Saudi Arabia increasingly relies on AI and advanced data analytics to reduce exploration costs and enhance geological modeling — leveraging big-data systems to help investors better understand mineral concentrations and identify optimal exploration sites.

Industrial Sector

One of the most notable developments in 2025 was the launch of the King Salman Automotive Manufacturing Complex in February, located in the special economic zone of King Abdulaziz Economic City. The complex is set to become a major hub for local and global automotive companies, creating private-sector investment opportunities and contributing \$24.5 billion to non-oil GDP by 2035.

To support non-oil exports and expand the base of national exporters, the Ministry of Industry and Mineral Resources issued more than 234,600 certificates of origin during the first half of 2025, strengthening the global presence of Saudi products and advancing economic diversification. The minister of industry highlighted major leaps achieved between 2019 and the end of 2024, including the rise in the number

of industrial establishments to over 12,000, and an increase in industrial investments to 1.22 trillion riyals (\$325.3 billion). As part of a broader support package to enhance industrial competitiveness, the Council of Ministers decided on December 16 to abolish expatriate levy fees for licensed industrial facilities — reducing operating costs and boosting the competitiveness of non-oil exports.

Tourism: The “New Oil”

Saudi Arabia surpassed its previous tourism targets, with the number of visitors rising from 80 million in 2019 to 116 million in 2025, exceeding the original goal of 100 million. Consequently, the target for 2030 was raised to 150 million visitors, including 50 million international tourists. This was highlighted by Minister of Tourism Ahmed al-Khateeb during the opening day of the Fortune Global Forum in October, where he also noted that tourism’s contribution to GDP increased from 3% in 2019 to 5% in 2024, with the kingdom aiming to reach the global average of 10%.

Riyadh served as the global platform from which the UN Tourism Organization launched its vision for the future. The 26th General Assembly, held from November 7 to November 11 under the

title “AI-Powered Tourism: Redefining the Future,” concluded with the adoption of the Riyadh Declaration on the Future of Tourism.

In parallel, the kingdom placed special emphasis on what has been termed the “new oil” — the gaming, esports, culture and entertainment sectors — aiming to diversify the economy and create new non-traditional revenue streams. Saudi Arabia seeks to transform esports from a hobby into a contributor to national GDP. A key indicator of this ambition was the Global New Sports Conference held in August, during which the first-ever Esports Nations Cup was announced. The kingdom also hosted the second Esports World Cup in 2025.

Among the most notable economic indicators was the rise in total Saudi banking credit to 3.12 trillion riyals (\$832 billion) by the end of April 2025 — the highest level on record — representing 16.4% year-on-year growth, according to the Saudi Central Bank’s monthly statistical bulletin.

The Public Investment Fund (PIF) topped all Arab sovereign wealth funds, with \$1.15 trillion in assets under management, advancing to eighth globally from its previous 10th position. PIF’s brand was also ranked the most valuable sovereign wealth fund brand world-

wide for 2025, for the second consecutive year, according to Brand Finance. Meanwhile, the Saudi Central Bank's assets rose to 2 trillion riyals (\$533 billion) in May 2025, a 4.7% increase year-on-year — the highest level since July 2022. These indicators were reinforced by remarks from the PIF governor and chairman of the Future Investment Initiative, who noted a 24% increase in foreign investment inflows into the kingdom.

A striking feature across Saudi institutions and ministries in 2025 was the consistent emphasis on the role of technological development, AI and emerging technologies in boosting productivity and supporting growth indicators. This recurring theme reflects a broader national direction toward embedding advanced technologies as core drivers of economic transformation.

Consolidating Its Position as the Premier Regional Hub

Saudi Arabia's program to attract the regional headquarters of global companies witnessed significant advancements in 2025. Crown Prince Mohammed bin Salman announced during the opening session of the Shura Council that 660 global companies had selected the kingdom as their regional base

— surpassing the Vision 2030 target of 500 headquarters. This milestone reflects the kingdom's expanding influence at both the regional and international levels.⁽²³⁾

During the opening day of the Fortune Global Forum in October, the minister of investment emphasized that Saudi Arabia is redefining the concept of a global investment destination and positioning itself as a long-term partner for leading international companies pursuing sustainable growth. He noted that the kingdom has opened new sectors — including logistics, tourism, advanced manufacturing, digital infrastructure, healthcare and clean energy — with the aim of transforming Saudi Arabia into a platform for global, not merely regional, expansion.

Saudi Arabia also strengthened its position as a regional hub for the growth of startups and their transition into unicorn companies — privately held startups valued at over \$1 billion. This reinforces the kingdom's role as a regional and global logistics center. In the second quarter of 2025 alone, 34 licenses were issued to international companies establishing their regional headquarters in Saudi Arabia.

Several major global firms announced new regional headquarters in Riyadh

during 2025. Citigroup inaugurated its regional headquarters in October, while State Street launched its Middle East and North Africa headquarters in the capital. In April, BNY Mellon received approval to establish its regional base, and the management consultancy Bain & Company announced the opening of its new regional headquarters in Riyadh. Additionally, SAS, a global leader in data and AI solutions, opened its new MENA regional headquarters in the capital. The minister of investment also revealed that Saudi Arabia intends to formally recognize Barclays' regional headquarters in the kingdom.

A Strategic Vision for the Future of Energy

The energy and renewable energy sector received exceptional attention in 2025, reflecting Saudi Arabia's central role in the global energy market. Seeking to establish new anchor points on the world energy map, Saudi discourse throughout the year emphasized the enduring importance of oil, asserting that neither the kingdom nor the world can dispense with it — even amid the global shift toward clean energy and diversified production sources. The kingdom's focus on the oil market stems from its expectations regarding future demand and

its assessment of an imminent shortfall in global oil supplies. This concern was articulated by the CEO of Aramco, who called for an immediate return to investment in exploration and production projects and warned of a looming supply crisis, reinforced by projections that US shale oil production will plateau and then decline after years of rapid expansion. This Saudi assessment is rooted in the kingdom's longstanding expertise in the oil industry and its recognition of oil's strategic value for the global future. Notably, this view aligned with the position of the US administration under President Donald Trump and with global forecasts that ultimately validated the Saudi perspective.

In 2025, however, the kingdom also presented itself as a pioneer in the emerging field of energy for AI.⁽²⁴⁾ A leading international expert described Saudi Arabia as entering a “historic new phase” of global transformation — likening it to the discovery of oil in the Dammam field in 1938. This shift in the kingdom's energy paradigm goes beyond diversifying the energy mix; it seeks to integrate the reliability of oil supplies with low-cost renewables and clean hydrogen. According to Petroleum Argus, this combination positions Saudi Arabia to become a global hub



for sustainable and digital energy, and a provider of the most competitive and reliable energy in an era defined by energy-intensive technologies such as AI and data centers. The report noted that Saudi Arabia wants its energy position to be understood less through the lens of low-cost oil and more through the relationship between energy, digitalization, broadband infrastructure and the

kingdom's commitment to providing dependable energy for decades to come, especially as the world becomes increasingly dependent on producing and exchanging data using the lowest-cost energy sources available.

Saudi energy discourse in 2025 consistently reflected this shift. In his remarks at the ninth edition of the Future Investment Initiative in Riyadh in October, Minister of Energy Prince Abdulaziz bin Salman stated that Saudi Arabia now provides “the most efficient, reliable and sustainable energy on earth.” He described affordable and dependable energy as the backbone of global economic growth — particularly for sectors such as AI, data centers, critical minerals and advanced industries. According to the minister, the “new global economy” is forming around energy-intensive digital and industrial sectors whose expansion depends on stable, low-emission energy supplies.

Saudi Arabia advanced several major initiatives in 2025 to reinforce its leadership in the energy sector. In July, the Saudi Power Procurement Company signed seven new power purchase agreements for solar and wind projects, with investments totaling 31 billion riyals (\$8.3 billion). In November, Japan's JOGMEC renewed its crude oil storage

agreement with Aramco on Okinawa Island for three additional years. In exchange for providing free storage capacity, Japan receives preferential access to the stockpile during emergencies, while Aramco strengthens its ability to serve customers across the region. In August, Maaden Bauxite and Alumina Company signed a power purchase agreement with Emerge — a joint venture between Masdar (UAE) and EDF Power Solutions (France) — to develop an off-grid solar plant supplying clean energy to the Al-Ba'itha mine.

The kingdom is also betting heavily on the massive Jafurah unconventional gas project, with total investments exceeding \$100 billion over the next 15 years. The project is expected to contribute around \$23 billion annually to Saudi GDP. At the eighth edition of the IKTVA (In-Kingdom Total Value Add) Forum, the minister of energy revealed that the kingdom plans to resume investment across the full spectrum of minerals — including uranium enrichment and commercialization. He also announced Saudi Arabia's ambition to reach 130 gigawatts of renewable energy capacity, ensuring that 20% of national energy remains in reserve.

In the renewable energy domain, Saudi Arabia is positioning itself to become

a global center for renewable energy production — an ambition closely tied to its aspirations in AI. During a session at the World Economic Forum in Davos in January, the minister of communications and information technology estimated that the world will require 63 gigawatts of computing power to support AI applications — equivalent to the five-year energy needs of major countries such as India or the United States.⁽²⁵⁾ He emphasized that Saudi Arabia is leveraging its leadership in renewable energy to meet this emerging global demand and to become a central energy hub powering the digital economy and the AI-driven economy of the future.

National Digital and AI Strategy

AI represents one of the most widely aligned and consensual areas of public policy across Saudi institutions. This stems from Vision 2030 which positions AI not merely as a supporting technical tool, but as a national pillar for building a knowledge-based economy. Building on this strategic framing, Saudi Arabia aims to become a leading international hub for AI infrastructure, a net exporter of data and a regional platform for digital economy technologies. These ambitions are driven by substantial investments and strategic partnerships

designed to ensure suitability and technological sovereignty.

On May 12, 2025, HUMAIN was established by a decision of Saudi Crown Prince Mohammed bin Salman, who heads its board, reflecting the prioritization of AI at the forefront of national objectives. The company aims to accelerate the adoption of AI technologies in strategic sectors, build an integrated ecosystem for the digital economy and enroot the country's position as a global hub for enabling these technologies. The company launched the ALLaM application, the first in the kingdom based on an indigenous Saudi generative foundational model, with a focus on Arabic and its dialects.

Saudi Arabia's AI aspirations are centered on a core base — the computing infrastructure represented by data centers. Besides this infrastructure, the country is forging various strategic partnerships on AI with the aim of ensuring both sustainability and advancement. To date, Saudi investments in data centers and digital infrastructure exceed \$21 billion, with public spending on AI alone expected to surpass \$100 billion by 2030, according to estimates by the Saudi Ministry of Communications and Information Technology.

These efforts translated into the kingdom ranking third globally in leading AI models, following the United States and China in AI language models and after India and Brazil with regard to AI-related job growth, according to the 2025 AI Index Report published by the Stanford Institute for Human-Centered AI (HAI). The kingdom also maintained its first-place global ranking in the cybersecurity index within the 2025 World Competitiveness Yearbook, published by the World Competitiveness Center of the International Institute for Management Development (IMD) in Switzerland. Additionally, it secured first place in the 2024 index for the maturity of electronic and mobile government services, issued by the United Nations Economic and Social Commission for Western Asia (ESCWA).

Saudi institutions have been making consistent strides toward AI. On May 28, 2025, the National Center for Advanced Manufacturing and Production was established for wide-scale manufacturing using cutting-edge technologies. In July 2025, the Financial Sector Development Program (FSDP) released its annual report for 2024, showcasing its achievements throughout the year and outlining future plans under Vision 2030, while highlighting the number of

licensed fintech establishments. As part of developing the digital payments ecosystem, the report noted that electronic payments had risen to 79% of total individual transactions. On July 22, 2025, Saudi Arabia created a national index to assess the readiness of government entities to adopt an AI ecosystem and follow up on progress in this regard. The index — launched by the Saudi Data and AI Authority (SDAIA) — aims to unify AI-related government efforts and national priorities and provide experts with the enabling environment to introduce and develop products that contribute to achieving Vision 2030 objectives. All of this indicates that the move toward AI has acquired a broad national character.

Within this context, US space start-up iRocket announced in August 2025 a \$640 million agreement with Saudi SpaceBuilt, opening the door for a formidable Saudi entry into the realm of satellite manufacturing and space services, with the goal of providing a secure infrastructure for satellite launches in the kingdom. Under the agreement, iRocket will supply launch vehicles for up to 30 launches on behalf of SpaceBuilt, aiming to establish a space communications network that is secure, flexible and independent, covering all

parts of Saudi Arabia and the geography of the Gulf countries.

Saudi interest in digitalization, technology, AI and space technologies is driven by purely economic goals and calculations — a fact recognized by Saudi institutions and companies. For instance, the president of Saudi oil giant Aramco revealed an ambitious investment plan to strengthen the company's technological arm, aiming to inject \$2 billion into Digital Aramco.⁽²⁶⁾ He also noted that the company's investments in the technology sector have yielded a cumulative value of \$6 billion over two years, and explained that relying on AI and digitalization in drilling and operating wells is increasing production twofold.

In spite of this technological momentum, the kingdom affirmed in its address before the UN Security Council on September 25, 2025 its commitment to the responsible and safe use of AI, emphasizing the need to employ these technologies as tools for peace and development rather than as sources of threat or instability. This approach strikes a balance between technological ambition and ethical responsibility in this highly sensitive global domain.

Strengthening Military Readiness in a Turbulent Regional Environment

The kingdom made significant strides in its military and security policies in 2025 as part of its efforts to strengthen national power and protect internal security amid a turbulent regional and international environment. The region flared up for 12 days during the conflict between Israel, supported by the United States, and Iran, alongside the war in Gaza and Israeli aggression in both Lebanon and Syria. Added to this were the disturbances in the southern Red Sea and threats to navigation resulting from Israel-Houthi clashes, not to mention the extensive crises in Yemen, Syria, Sudan and Libya and terrorism threats as well as regional militant groups that reject the concept of a nation-state.

In this context, the kingdom intensified its military and security activities by expanding the scope of joint and specialized maneuvers. Throughout 2025, dozens of drills were undertaken, including the Elite Special Forces exercise at the Ministry of Defense in early May, which involved the operational deployment of special forces units in diverse environments and specialized missions. This was followed by the Naval Defender 25 exercise held in May at King Abdulaziz Naval Base with the

Eastern Fleet. The kingdom also participated in the Bright Star 2025 exercise hosted at Mohamed Naguib Military Base in Egypt in September with the participation of 43 countries. In October, the Blue Sword 2025 maneuvers were conducted between the Saudi and Chinese navies at King Abdulaziz Naval Base with the Eastern Fleet in Jubail. Additionally, the mixed ATLC-35 aerial warfare and missile defense exercise took place in the UAE, followed by the Quincy-1 joint drill between the Saudi Army and its US counterpart at Fort Irwin in November. The same month also saw the Egyptian-Saudi joint naval training Red Wave 8 at King Faisal Naval Base with the Western Fleet, with participation from naval forces from Egypt, Saudi Arabia, Jordan, Sudan, Yemen and Djibouti. This was complemented by the 18th Senior Military Officers Workshop on international rules governing military operations, organized by the Saudi Ministry of Defense — represented by the National Defense University — in partnership with the International Committee of the Red Cross.

With regard to the localization of military industries, Saudi Arabia has been working on a plan that targets a 50% rate of local military production by 2030. This goal was highlighted by the crown

prince in his address before the Shura Council, while pointing to a rise in localization in the military sector to 19% from below 2%. Within this localization endeavor, US defense giant Lockheed Martin announced the production of the first batch of components for the THAAD missile defense system launch platform, in cooperation with the Arabian International Co. for Steel Structures in Saudi Arabia. In December 2025, Royal Saudi Navy Forces floated His Majesty King Saud — the first ship of the Tuwaiq project that constitutes the construction of four multi-mission combat ships in Wisconsin. The project is reflective of Saudi Arabia's orientation toward building a modern and professional naval force. Moreover, the new King Salman Air Base facilities were inaugurated in December 2025 as part of strategic development projects aimed at enhancing the combat readiness of the Royal Saudi Air Force. In the same context, the kingdom formed BAE Systems Arabian Industries in May 2025 through the merger of BAE Systems Saudi Development and Training (SDT) specialized in building and developing capabilities and Saudi Maintenance and Supply Chain Management Company Ltd (SMSCMC) specializing in supply-chain management and technical services.

In parallel, the kingdom enhanced its capabilities through a number of high-value arms deals throughout 2025, primarily the signing of the largest defense deal in history in May worth \$142 billion to supply Saudi Arabia with advanced military equipment and services from over 12 US defense companies. Earlier in May, the Pentagon revealed that the State Department had approved the sale of air-to-air missiles to Saudi Arabia for \$3.5 billion. In January 2025, the US State Department announced approval of the kingdom's request to purchase lightweight torpedoes, along with logistics-related items and program support, at an estimated cost of \$78.5 million. This was followed by Washington's agreement to sell laser-guided APKWS precision weapons, valued at \$100 billion.

At the regional level, Saudi Arabia reinforced its leadership role when its naval forces assumed command of Combined Task Force 150 (CTF-150) from their New Zealand counterpart in August 2025, during an official ceremony held at the US Naval Support Facility in Bahrain. CTF-150 is tasked with enhancing maritime security across its area of operations — stretching from the Gulf of Oman, the Arabian Sea and the Gulf of Aden to the Indian Ocean — by com-

bating terrorism and illicit activities, protecting shipping lanes and ensuring the safe and secure flow of global trade.

Internally, in an administrative move aimed at restructuring and developing several leadership posts, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud issued a royal order on August 17, 2025, relieving the head of the General Military Industries Corporation of his duties, along with the assistant minister of defense. The order was part of a series of changes within Saudi sovereign and military institutions, which have for years been undergoing a deep restructuring process designed to enhance efficiency and raise levels of transparency and governance in alignment with the objectives of Vision 2030.

On the security front, a notable development came in March when the Head of State Security Abdulaziz bin Mohammed al-Howairini announced that the crown prince had directed a pardon for individuals who had been misled and encouraged to attack the kingdom from abroad, allowing them a penalty-free return, provided they had not committed serious crimes such as murder or assault. In terms of counterterrorism, Saudi positions and official statements continued to reflect the kingdom's resolute stance against terrorism and any

actions that undermine stability anywhere in the world. It is rare for a terrorist incident to occur in any country without the kingdom issuing a statement condemning it, consistently reaffirming its opposition to all forms of violence and extremism.

In terms of security agreements with foreign partners, the kingdom and France signed in Paris an executive document outlining security cooperation tracks between the two countries' interior ministries in July 2025. On November 26, Saudi interior minister and his Spanish counterpart concluded a joint cooperation plan between the two ministries in Riyadh. On July 31, the International Criminal Police Organization (INTERPOL) awarded Saudi Interior Minister Abdulaziz bin Saudi bin Naif its Medal of the Highest Order, in appreciation of the kingdom's contributions and support for the organization's crime fighting efforts.

Saudi Arabia's Continuous Efforts to Contain Regional Crises

In 2025, the kingdom's approach to the Arab world and the wider region was defined by a sustained effort to position itself as a stabilizing force, prioritizing crisis containment and the pursuit of peaceful resolutions to conflicts and

wars. This approach was reflected in early, proactive engagement and a sense of urgency to address emerging crises before they deteriorated into armed confrontations — in attempts to steer conflicts back toward negotiated settlements through regional and international institutional frameworks. These dynamics were apparent in the kingdom's handling of the conflicts in Gaza, Iran, Yemen, Syria and Sudan during 2025. At its core, Saudi diplomacy in that year concentrated on achieving a historic breakthrough on the Palestinian question by advancing international recognition of a two-state solution, thereby returning the Palestinian cause to the center of global attention and restoring its political weight.

Saudi Arabia's Unstinting Support for Palestinians Yielded Meaningful Outcomes in 2025

Over the two years of the Israeli war on Gaza, Saudi Arabia assumed a notable role in consolidating the Arab position and advancing Palestinian rights at the international level. The kingdom sought to make use of the available political space within the Arab, regional and international environments shaped by the realities of the war, at a time when articulating a comprehensive approach

to the issue was particularly challenging amid ongoing hostilities. While many states confined their responses to condemning Israeli actions in Gaza, the kingdom worked to expand the scope of international debate on the Palestinian question, underscoring its global significance. This orientation was reflected in Saudi advocacy of a two-state solution as the necessary and sole framework for a just resolution of the Palestinian issue.⁽²⁷⁾ The most salient Saudi policy initiatives during the Gaza war included the following:

Strong Condemnation of Israeli Aggression

Saudi statements directed against Israel — whether issued unilaterally, bilaterally or collectively at regional and international forums — were marked by continuity and, at times, a near-daily cadence. These statements consistently denounced Israeli practices in Gaza in the strongest language, explicitly characterizing them as war crimes. On August 8, the kingdom issued a forceful condemnation of Israel's decision to occupy the Gaza Strip, rejecting unequivocally its continued use of starvation, extreme violence and ethnic cleansing against the Palestinian people. This was followed, on August 13, by a statement

from the Ministry of Foreign Affairs condemning Israeli Prime Minister Benjamin Netanyahu's remarks concerning a "Greater Israel" vision, and affirming Saudi Arabia's complete rejection of settlement-driven and expansionist doctrines pursued by the occupying authorities.

In parallel, the kingdom reiterated the historical and legal right of the Palestinian people to establish an independent and sovereign state on their land in accordance with relevant international law. On August 14, another Ministry of Foreign Affairs statement strongly condemned the Israeli government's approval of new settlement construction around Jerusalem, rejected Israeli Foreign Minister Gideon Sa'ar's statements opposing the establishment of a Palestinian state and called for an end to crimes committed against the Palestinian people — particularly those amounting to genocide — and accountability for those responsible. On August 21, the ministry again condemned ongoing attempts by the Israeli government to forcibly displace Palestinians and obstruct the establishment of their independent state, asserting that settlement expansion around occupied Jerusalem, combined with escalating military operations and aggression, constituted

acts of genocide against unarmed civilians in the Gaza Strip.

These positions formed part of a sustained pattern of Saudi statements issued throughout the Israeli war on Gaza which commenced in October 2023, reflecting close monitoring of developments and scrutiny of Israeli actions, both before and after August 2025. On July 24, the kingdom condemned the Israeli Knesset's call to impose Israeli sovereignty over the West Bank and the Jordan Valley. On October 8, it denounced the storming of the Al-Aqsa Mosque compound by Israeli officials and settlers with the connivance of occupation forces, reaffirming its categorical rejection of any measures that would undermine the historical and legal status of Jerusalem and its holy sites. On October 22, it condemned the Knesset's preliminary approval of draft legislation aimed at extending Israeli sovereignty over the occupied West Bank. These positions were consistent with earlier Saudi declarations, including the statement issued on February 5, 2025, which affirmed that the kingdom would not normalize relations with Israel in the absence of a Palestinian state, and that this stance was firm, non-negotiable and not subject to compromise.

Alongside unilateral positions, the kingdom also issued numerous joint statements on the Palestinian issue. Among these was the joint declaration of September 29, 2015, released by the foreign ministers of Saudi Arabia, Jordan, the UAE, Indonesia, Pakistan, Türkiye, Qatar and Egypt, welcoming President Trump's announcement of a proposal that included ending the war, reconstructing Gaza, preventing the displacement of the Palestinian people, advancing a comprehensive peace process and rejecting the annexation of the West Bank. In addition, on September 26, Saudi Arabia joined Belgium, Denmark, France, Iceland, Ireland, Japan, Norway, Slovenia, Spain, Switzerland and the UK in launching the Emergency Coalition for the Financial Sustainability of the Palestinian Authority, an initiative aimed at stabilizing the authority and safeguarding its capacity to govern amid an acute financial crisis.

Launching the Global Alliance for the Implementation of the Two-State Solution

The most consequential outcome of the kingdom's efforts in this context was the convening of the high-level General Assembly conference on advancing the realization of two independent states

— Israel and Palestine at the UN headquarters in New York. The conference produced a landmark document — the New York Declaration — issued on September 22, 2015, and comprising 42 articles. The declaration sought to establish a binding pathway for implementing a two-state solution and to reinforce international recognition of the State of Palestine. Through this initiative, the kingdom succeeded in generating what was arguably the most substantial international mobilization around the Palestinian cause⁽²⁸⁾ since the Palestinian National Council proclaimed independence at its 19th session in Algiers on November 15, 1988.

The New York Declaration was notable for its practical orientation and carefully structured timeline, advancing a roadmap that addressed the complexities of the current phase across the short, medium and long term. In the short term, it emphasized humanitarian de-escalation and an immediate halt to hostilities, the facilitation of humanitarian assistance through the UN and the Red Cross and the handling of the prisoner issue. In the medium term, it called for the launch of a comprehensive reconstruction program, led by Arab and Islamic states, to rebuild what the war had destroyed. Over the long

term, it prioritized laying the political and institutional foundations required to implement a two-state solution within a defined timeframe and through a viable negotiating process. Owing to sustained diplomatic engagement, the kingdom was able to narrow differences among the parties and consolidate consensus around the agreed text of the New York Declaration.

Beyond the conference itself, the Saudi initiative offered a clear and actionable route toward realizing a two-state solution and constituted the most significant international effort in support of Palestinian statehood. It helped revive the political, moral and cultural

momentum of the Palestinian cause, while casting light on the horrific depredations suffered by Palestinians in Gaza. By anchoring the issue at the highest international forum — the UN — the initiative also created a platform that catalyzed a new wave of international recognitions of the State of Palestine, as reflected in subsequent developments (see Table 4.1).

Providing Relief Support for Palestine

Throughout the history of the Palestinian cause, Saudi Arabia has consistently maintained its support for the Palestinian people and its efforts to ease their suffering. In keeping with this established approach, Saudi humanitarian

assistance to Gaza continued without interruption throughout 2024 and 2025. By December 22, 2025, a total of 76 Saudi relief aircraft operated by the King Salman Humanitarian Aid and Relief Center had arrived at El Arish International Airport in Egypt, delivering food assistance and shelter materials, underscoring the kingdom’s sustained commitment to supporting the Palestinian people.

In parallel with humanitarian aid, the kingdom extended direct financial support. On December 1, Saudi Arabia provided a new financial grant of \$90 million⁽²⁹⁾ to the Palestinian treasury. In addition, at the end of July, Saudi Arabia

Table 4.1: International Recognition of Palestine (2024-2025)

State	Barbados	Jamaica	Trinidad and To- bago	The Baha- mas	Norway	Ireland	Spain	Slovenia	Armenia	The UK
Date of recog- nition	April 20	April 2024	May 3	May 8	May 22	May 22	June 4	June 4	June 21	September 21
State	Canada	Australia	Portugal	France	Monaco	Luxemburg	Bel- gium	Malta	Andorra	San Marino
Date of recog- nition	September 21	September 21	Septem- ber 21	Septem- ber 21	September 22	September 22	Sep- tember 22	Septem- ber 22	September 22	September 27

Source: Palestinian News & Information Agency (WAFA), <https://info.wafa.ps/pages/details/30822>.

and Palestine concluded three MoUs on the sidelines of the United Nations High-Level Conference for the Peaceful Settlement of the Question of Palestine and the Implementation of the Two-State Solution. These agreements encompassed cooperation in human capital development, training and capacity building; collaboration between the two countries' ministries of education on curriculum development; and an MoU in the fields of communications, information technology and digital transformation, including the transfer of expertise to benefit from the kingdom's experience in these areas.

Maintaining Stability and Restoring the Nation-State

Within the Arab framework, the kingdom has pursued policies focused on conflict resolution and the restoration of the nation-state in Arab countries facing crisis. This orientation was clearly reflected in the Saudi-Egyptian initiative adopted by the Arab League's Council of Foreign Ministers on September 5, 2015. Presented under the title "A Joint Vision for Security and Cooperation in the Region," the initiative articulated what Cairo described as a "governing framework for future arrangements." The Saudi-Egyptian draft resolution

featured prominently in the deliberations of the 164th regular session of the council in Cairo. The joint vision called for condemning any proposal that undermines the sovereignty and territorial integrity of Arab states, stressed the imperative of ending the Israeli occupation of Arab territories and rejected reliance on regional cooperation, integration or coexistence frameworks so long as the occupation persists or as long as there are implicit threats of annexing additional territories.⁽³⁰⁾ This stance reflected the two countries' assessment that the viability of the Arab system itself depends on bringing the Israeli occupation to an end.

Within the same Arab context, the kingdom also moved to reinforce and deepen inter-Arab relations in ways calibrated to the conditions of each country. It worked to strengthen ties with stable Arab states through a series of MoUs aimed primarily at consolidating security cooperation and reinforcing bilateral relations, with Egypt and Iraq serving as notable examples. With countries undergoing transitional phases, the kingdom sought to extend support to help them secure international recognition and regain a trajectory toward the restoration of the nation-state, as in the case of Syria. For countries still en-

gulfed in war or internal armed conflict, Saudi policy focused on steering them toward political settlement through dedicated international alliances or initiatives, as reflected in its engagement with Sudan and Yemen.

Deepening Integration With Arab Nations

In 2025, Saudi Arabia continued to enhance economic and diplomatic relations with stable Arab countries — in alignment with its strategy of supporting regional peace and stability. In this regard, Riyadh relied on multifaceted cooperation with these countries — whether military, economic, tourism or humanitarian — while placing particular emphasis on building sustainable, institutional partnerships that reinforce Arab integration.

A Strategic Security and Economic Partnership With Egypt

The most notable development in Saudi Arabia-Egypt relations in 2025 was the signing of a cooperation protocol on September 1 to support maritime security. Concluded as part of broader efforts to enhance naval military cooperation, the protocol was signed during an official visit by the chief of staff of the Royal Saudi Naval Forces and his accompanying delegation to the Egyptian

Naval Forces Command in Alexandria. According to the announced objectives, the agreement seeks to expand cooperation in maritime security and to consolidate the defense partnership between the two countries. It provides for greater integration in command and control, enhanced cooperation in logistics and maintenance, regular port visits and joint exercises and the institutionalization of cooperation in a structured and predictable manner.

This was followed by the second meeting of the secretariats of the Saudi-Egyptian Supreme Coordination Council, held in Riyadh on October 16. The meeting was co-chaired by Mohammed al-Tuwaijri, adviser at the Royal Court and secretary-general of the council on the Saudi side, and Lieutenant General Kamel el-Wazir, Egypt's deputy prime minister for industrial development and minister of industry and transport, and secretary-general of the council on the Egyptian side. Discussions focused on developing a shared vision for strategic relations, identifying mechanisms to increase bilateral coordination and preparing joint action plans for the first session of the Saudi-Egyptian Supreme Coordination Council. On November 10, the tourism ministries of both countries signed a

draft executive program for joint cooperation on the margins of the UN Tourism Assembly meetings, covering areas such as joint tourism promotion and marketing, training and development, sustainable tourism and coordination within regional and international organizations.

Strengthening Economic Integration and Joint Projects With Jordan

Relations between Saudi Arabia and Jordan also witnessed substantive advances. On January 14, 2025, the Saudi Ministry of Industry and Mineral Resources and the Jordanian Ministry of Energy and Mineral Resources signed a five-year MoU on mineral cooperation. On February 24, the Saudi Export Development Authority and the Jordan Enterprise Development Corporation (JEDCO) concluded an agreement in Amman to strengthen bilateral ties and exchange expertise in the development of non-oil exports. In late April, officials from both countries held a joint meeting to discuss mechanisms for completing the electrical interconnection project. This was followed on May 20 by the signing of an MoU in Amman between the Saudi Food and Drug Authority and the Jordan Food and Drug Administration to enhance cooperation in the

food and drug sectors. On October 30, the two countries signed an amended addendum to their agreement on the promotion and protection of mutual investments, alongside an MoU between the Jordanian Ministry of Investment and the Saudi Economic Cities and Special Zones Authority (ECZA). On November 14, Saudi Arabia and Jordan, through their respective ministries of justice, signed a joint cooperation program within the framework of the Riyadh Arab Agreement for Judicial Cooperation.

Multidimensional Partnerships With the Maghreb Countries

Relations between Saudi Arabia and the Maghreb countries also progressed across multiple domains. With Morocco, the 14th session of the Saudi-Moroccan Joint Committee was held in Mecca on March 6, resulting in the signing of a joint customs cooperation agreement for the mutual recognition of the Authorized Economic Operator (AEO) program, as well as an MoU on environmental protection and sustainable development. During the session, Saudi Arabia reaffirmed its support for Morocco's sovereignty over the Sahara and its endorsement of the autonomy initiative as the sole basis for resolving

the dispute, within the framework of Morocco's sovereignty and territorial integrity. On July 1, a delegation from the Federation of Saudi Chambers of Commerce met with Moroccan ministers in Rabat, leading to agreement on activating a maritime shipping line between the two countries and the establishment of a working group to implement this initiative.

Within the framework of cooperation between the GCC and Morocco, the seventh joint ministerial meeting was convened in Makkah on March 6 to further reinforce the strategic partnership toward deeper integration and multidimensional cooperation.

On October 6, the Saudi minister of investment undertook an official visit to Morocco accompanied by a high-level delegation from the public and private sectors, during which an agreement on the protection and promotion of mutual investment was signed. On November 27, the two countries concluded two MoUs aimed at developing cooperation in the maritime and logistics sectors, on the sidelines of the 34th session of the International Maritime Organization Assembly in the UK. In the military domain, academic delegations from the Saudi Armed Forces Command and Staff College visited the Directorate of Military History (DHM) on January 7, followed by a second delegation from the King Abdullah bin Abdulaziz Command and Staff College of the National Guard on April 16, with the aim of strengthening military relations, particularly in training, knowledge exchange and the sharing of military experience.

With Algeria, relations were marked by expanded economic and sectoral engagement. The Saudi-Algerian Business Forum convened in Algiers on April 20, bringing together senior officials and business leaders from both countries. The forum resulted in the signing of

ARTICLE

The Gulf Reshapes the Middle East Away from Iran and Israel

US President Donald Trump's decision to make Saudi Arabia his first stop on his inaugural foreign tour was neither coincidental nor impulsive. It came as a result of the rising political and economic stature of the Gulf states, particularly Saudi Arabia. The United States has realized the significance of Saudi Arabia in boosting the US aspiration to maintain its global status at a critical juncture where great challenges are mounting. The visit underscored the United States' acknowledgment of Saudi Arabia's pivotal role in restoring regional stability and shaping the future of the Middle East...



five agreements and MoUs between Saudi and Algerian institutions covering retail, industry, tourism and legal services. In the energy sector, Saudi energy company Madad and Algeria's Sonatrach concluded a \$5.38 billion production-sharing agreement on October 13 for hydrocarbon exploration and exploitation in the Illizi region of southern Algeria. Earlier, on September 25, Saudi Arabia and Algeria signed a bilateral air transport services agreement aimed at facilitating travel and promoting trade and tourism.

Saudi-Tunisian relations also recorded notable developments. On October 9, the fourth session of the Tunisian-Saudi Political Consultation and Follow-up Committee was held under the chairmanship of the two countries' foreign ministers, during which an MoU on cooperation in diplomatic training was signed. In the development sphere, on June 27 the CEO of the Saudi Fund for Development and Tunisia's minister of economy and planning signed a development loan agreement to finance the establishment of an oasis hub in southern Tunisia, in Tataouine Governorate, with Saudi funding exceeding \$38 million. On the military level, the chief of staff of the Royal Saudi Naval Force met with the Tunisian minister of defense

on November 24 to discuss expanding military cooperation, particularly in training, maritime security and the exchange of visits and expertise between the two naval forces.

Crisis-Stricken Arab Nations: Dispute Resolution Efforts

The kingdom's efforts to restore stability and sovereignty in Arab countries ravaged by conflict were most clearly reflected in its engagement with Syria, Sudan and Yemen — cases that received particular Saudi attention in 2025 and were elevated to the forefront of international attention. In this context, the kingdom called on the US leadership to legitimize the new reality in Syria, recognize the emerging Syrian leadership and lift the sanctions imposed on the country.⁽³¹⁾ Much of Saudi Arabia's role in the Syrian and Sudanese crises might have remained out of public view had it not been for direct disclosures by the US president, who highlighted the involvement of the kingdom and Crown Prince Mohammed bin Salman.⁽³²⁾

Following the post-Assad mayhem, Saudi Arabia attached utmost importance to restoring Syria's statehood, deeming support necessary for the country in order to avoid complete collapse. To this end, the kingdom took

practical measures to secure international recognition for the new government, while adopting a gradual approach aimed at consolidating state stability and entrenching the new political order on the ground. Against this backdrop, Riyadh became the first destination of Syrian President Ahmed al-Sharaa. The kingdom received him on February 2, less than two months after the collapse of the Assad regime on December 8. The visit underscored Saudi Arabia's strategic weight and reflected confidence in its capacity to support the new Syrian leadership during the transitional phase. Initial Saudi efforts centered on securing recognition of the new leadership in Syria and lifting unilateral and international sanctions. This objective was realized during President Trump's visit to the kingdom in May, his meeting with Sharaa in Riyadh and his announcement of the removal of all sanctions imposed on the Syrian transitional government, following a request by the Saudi crown prince.

Subsequently, Syria embarked on a trajectory toward wider international recognition. Sharaa visited Russia in October and later the United States in November, while the Syrian government resumed participation in various Arab and international forums. These

developments culminated in December, when the US Congress — both the House of Representatives and the Senate — passed legislation repealing the Caesar Act in full as part of deliberations on the 2026 National Defense Authorization Act.⁽³³⁾ The US president's subsequent signing of the law formally ended the sanctions imposed on Syria since 2019 under the Caesar Syria Civilian Protection Act. Throughout these developments, the kingdom played a central role in shaping the international handling of the Syrian crisis, with some observers describing the outcome as an “Arab success story” that the kingdom views as an extension of Saudi Vision 2030.

In parallel with these political and diplomatic tracks, the kingdom moved to deepen economic engagement with the Syrian government. On July 22, a large Saudi delegation led by the minister of investment, and comprising more than 120 investors and business figures, visited Damascus with the aim of encouraging the Saudi private sector to explore opportunities and support the Syrian economy through new, high-quality projects. During the visit, Damascus hosted the Saudi-Syrian Investment Forum 2025. This momentum continued on July 27, when the Saudi

minister of energy and his Syrian counterpart signed an MoU on cooperation in the energy sector, encompassing oil and gas, petrochemicals, electricity and electrical interconnection and renewable energy. On August 18, the ministers of investment of both countries concluded an agreement to promote and protect investment on the sidelines of a roundtable meeting in Riyadh. The latter later hosted the Saudi-Syrian roundtable on October 27. In a dedicated session of the Future Investment Initiative conference in Riyadh, attended by the crown prince, the Syrian president stated that Saudi support was central to Syria's investment drive and renewed openness to the world. He attributed this to the extensive efforts led by the crown prince, noting that they had helped attract investments exceeding \$28 billion within six months. Sharaa further indicated that several major Saudi companies were already implementing projects in Syria, with investments estimated at \$7 billion, alongside additional activity by firms in the energy, hospitality, real estate and new residential cities sectors.

On the humanitarian front, figures published by the King Salman Humanitarian Aid and Relief Center in December 2025 provided updated data on

completed and ongoing projects, reflecting Saudi support for Syria across humanitarian, development and emergency relief dimensions. According to these figures, the center's projects more than doubled in 2024, reaching a total value of nearly \$54 million. By December 14, 2025, the number had risen to 103 projects with a combined cost exceeding \$98 million. Since the center's establishment, the total number of projects implemented or underway in Syria reached 465, at a cost surpassing \$553 million, placing Syria second among the center's beneficiary countries in terms of completed and ongoing projects for 2025.

In addition, the kingdom consistently expressed its support for Syria in the face of repeated Israeli attacks. On April 3, it strongly condemned Israeli airstrikes targeting five locations inside Syria, with a Ministry of Foreign Affairs statement reaffirming Saudi Arabia's categorical rejection of attempts by the occupation authorities to undermine Syria's security and regional stability through violations of international law. The statement emphasized the need for firm international action and the activation of accountability mechanisms to address ongoing Israeli violations in Syria and the region. On November 28,

Saudi Arabia again condemned an Israeli attack on the town of Beit Jinn in the Damascus countryside, reiterating its complete rejection of all violations of Syrian territory and efforts to destabilize Syria and its people.

Mirroring its engagement on the Syrian file, the kingdom also drew renewed international attention to Sudan. During the Saudi crown prince's visit to the United States in November, Riyadh succeeded in placing the Sudanese crisis on the US agenda, surprising regional and international observers alike. According to *The New York Times*, the crown prince urged the Trump administration to take immediate steps to recalibrate the conflict, at a time when Sudan had long fallen outside Washington's priorities. This was viewed by some as a qualitative shift in the US approach and a potential turning point in the trajectory of the war. In effect, the kingdom elevated the Sudan file from the ministerial level — previously managed within the Quartet framework — to the level of direct presidential engagement, transforming it into an issue receiving attention from the highest echelons of US leadership. In this context, Trump acknowledged that Sudan “wasn't on [his] charts” before stating that the crown prince's intervention had fundamental-

ly altered his perspective. He confirmed that he had received a detailed briefing from the crown prince on the local dynamics of the conflict, prompting him to pledge serious steps toward addressing the war in Sudan. The Saudi call for US involvement formed part of the kingdom's broader foreign policy vision and its pursuit of a new crisis-management model based on multilateral mediation, which seeks to harness the influence of major powers in mediation efforts that go beyond traditional diplomatic channels.

From a political perspective, the kingdom has consistently opposed the continuation of war and military escalation throughout 2025, calling for an immediate cessation of hostilities and the protection of civilians. Riyadh reaffirmed its commitment to preserving Sudan's unity and legitimate institutions, rejected the formation of a parallel government by the RSF, and condemned, in a separate statement, the RSF's “heinous attack” in El Fasher. The kingdom repeatedly emphasized the need to implement the Jeddah Declaration and return to dialogue to achieve a ceasefire, while rejecting foreign interference that prolongs the conflict. These positions were articulated in Saudi Ministry of Foreign Affairs statements on September

19 and October 28 and were echoed in a joint statement on September 13 by the Saudi foreign minister, alongside the foreign ministers of Egypt, the UAE and the United States. The statement underscored Sudan's sovereignty, unity and territorial integrity, declaring that “there is no viable military solution to the conflict,” and called for a comprehensive transitional process toward an independent, civilian-led government. It further highlighted that external military support for parties to the conflict only exacerbates hostilities and regional instability and affirmed the commitment to securing the Red Sea region and countering cross-border threats from terrorist and extremist groups. These elements form the core of the kingdom's position on the Sudanese crisis.

The Saudi stance reflects multiple considerations. Beyond its leading role during a period witnessing the disintegration of several Arab states, the kingdom seeks to end armed conflicts, which it views as destructive and wasteful of resources, contrary to Islamic principles. With the longest coastline on the Red Sea, Saudi Arabia regards Sudan as a pivotal actor in regional security. Its significance is further amplified by the Red Sea's role as a vital trade conduit, a growing coastal and tourist hub under

Vision 2030 initiatives and a strategic geopolitical asset connecting the Horn of Africa and the Arabian Peninsula.

The Yemeni crisis remains one of the Arab issues most closely linked to the kingdom, given Yemen's southern proximity and the ongoing conflict between the legitimate government and non-state actors, including the Houthis and the STC. Leveraging years of experience in mediation efforts, the kingdom has maintained relative stability in Yemen by avoiding direct intervention in internal disputes while safeguarding core Saudi principles concerning the state's security, stability and interests.

Saudi policies have focused on strengthening Yemeni unity and pursuing peaceful solutions as part of efforts to restore stability. In late 2025, when unrest erupted in certain regions following the STC's seizure of strategic military positions in Hadramawt and Al-Mahra governorates, Riyadh moved swiftly to contain the situation. Intensive diplomatic efforts were undertaken to prevent military escalation, ensure the withdrawal of STC forces and restore the normal functioning of state institutions. The kingdom called on all Yemeni factions to fulfill their responsibilities, resolve differences and avoid actions that could further destabilize

security and the economy. A joint Saudi-Emirati team was dispatched to Aden to establish mechanisms for the withdrawal of STC forces under the direct supervision of the Saudi-led Coalition to Support Legitimacy. During consultations with local parliamentary and tribal leaders, the Saudi delegation emphasized that the kingdom rejects any military formations operating outside state authority and underscored that the security and stability of Hadramawt is integral to the broader security of Yemen and the region.

When clashes resumed, the kingdom, via the Ministry of Foreign Affairs on December 25, denounced the STC's unilateral military actions in Hadramawt and Al-Mahra as unjustified escalations that harmed the interests of the Yemeni people and undermined both the coalition's efforts and the Southern cause. Riyadh stressed the importance of cooperation among all Yemeni forces, restraint and actions conducive to restoring peace and social security. At the same time, it reaffirmed that the Southern cause is legitimate with deep historical and social dimensions, yet can only be resolved through inclusive dialogue that brings all Yemeni parties to the table within a political process that ensures a comprehensive and sus-

tainable solution.⁽³⁴⁾ Accordingly, the kingdom concentrated on containing escalation, safeguarding critical oil infrastructure and preventing a broader security collapse, while refraining from supporting any factional agenda. When the Yemeni government announced an agreement with the Houthi group to exchange roughly 2,900 prisoners and detainees during the 10th round of consultations held in Muscat, Oman, the Saudi Ministry of Foreign Affairs issued a statement on December 24 describing the agreement as a significant humanitarian measure. The ministry emphasized that the exchange contributes to alleviating human suffering and fosters opportunities for building trust among the parties.

In addition to its focus on establishing security, stability and preventing the outbreak of armed factional or regional conflict, the humanitarian dimension was a central pillar of Saudi efforts in Yemen throughout 2025. Driven by both humanitarian and Arab solidarity considerations, and by the understanding that relief and civil society initiatives are key to fostering peace and stability, the kingdom announced additional support for the Yemeni people totaling \$368 million through the Saudi Development and Reconstruc-

tion Program for Yemen (SDRPY), as stated by the Ministry of Foreign Affairs on September 21. On November 13, under the SDRPY, an MoU was signed to implement development projects in Yemen's electricity sector, including strategic power stations in Aden, Mukalla, Seiyun and Taiz, with an initial production capacity of 300 megawatts. Highlighting cultural preservation, a comprehensive initiative to restore Seiyun Palace was launched under the SDRPY, funded by Saudi Arabia and implemented in cooperation with UNESCO and the Saudi Ministry of Culture. This effort is part of broader initiatives to safeguard Yemen's heritage, including the restoration of the historic Al-Ahqaf Library, the revival of traditional crafts through the Hirfa workshop and the promotion of the Mehri language.

Regarding Iraq, 2025 saw the signing of multiple MoUs across diverse sectors. On August 3, the Ministries of Justice of both countries agreed on an executive program covering legislative cooperation, documentation expertise, the development of alternative dispute resolution mechanisms and joint events including conferences, seminars and training courses. On August 6, Riyadh and Baghdad signed an MoU addressing the illicit trafficking and smuggling

of narcotics, psychotropic substances and precursor chemicals, alongside an agreement to develop a health partnership. Additionally, the Iraqi prime minister's office announced on May 25 an MoU for an investment project involving the Iraqi National Investment Commission, Saudi Al-Muhaidib Group and Egypt's Talaat Moustafa Group, aimed at developing part of the Al-Rafil Economic City, west of Baghdad.

Lebanon continued to receive Saudi attention in 2025. In early March, the kingdom hosted Lebanese President Joseph Aoun for his first visit since his election. The concluding joint statement emphasized the full implementation of the Taif Agreement, adherence to relevant international resolutions, extension of state sovereignty across Lebanese territory, the state's monopoly on arms, support for the national role of the Lebanese army and the withdrawal of Israeli occupation forces. In September, the Saudi-Lebanese Business Council was established to strengthen trade, attract investment and foster cooperation between business communities in both countries.

Reaffirming its commitment to preserving the Arab nation-state, the kingdom swiftly addressed Israel's recognition of Somaliland. On December 26,

the Saudi Ministry of Foreign Affairs affirmed full support for the sovereignty, unity and territorial integrity of the Federal Republic of Somalia, rejecting the mutual recognition between Israel and Somaliland as a unilateral separatist measure in violation of international law.

Regional Neighbors: Significant Developments

In 2025, Saudi Arabia's relations with regional neighbors — Türkiye, Pakistan and Iran — witnessed notable developments across political, economic and military spheres. Türkiye: Politically, the kingdom and Türkiye held the second round of consultations on January 15 at the Turkish Ministry of Foreign Affairs in Ankara, discussing ways to enhance bilateral cooperation across multiple sectors. In May, the second Saudi-Turkish Coordination Council meeting in Riyadh resulted in an MoU on diplomatic training between the Prince Saud Al-Faisal Institute for Diplomatic Studies and the Turkish Diplomatic Academy. Economically, the Saudi-Turkish Business Forum in Istanbul in November projected bilateral trade for 2024 to surpass \$10 billion. Militarily, cooperation expanded steadily: Turkish defense companies signed

agreements for Saudi projects during the International Defense Exhibition (IDEX) and the Naval Defense Exhibition (NAVDEX) in Abu Dhabi on February 20, and Saudi Defense Minister Prince Khalid bin Salman met his Turkish counterpart Yaşar Güler in Jeddah on March 11 to discuss training, manufacturing and expertise exchange. The Royal Saudi Air Force participated in the “Anatolian Phoenix 2025” combat search-and-rescue exercise in May. On July 22, the Saudi pavilion opened at IDEF 2025 in Istanbul, showcasing participation from more than ten national entities, including the General Authority for Military Industries (GAMI), Saudi Arabian Military Industries (SAMI), the General Authority for Defense Development (GADD), the National Company for Mechanical Systems (NCMS), the Saudi Chemical Company Limited (SCCL) and others. On July 24, SAMI signed manufacturing agreements with three Turkish defense companies to localize ground systems production in Saudi Arabia. In October, the first batch of Royal Saudi Air Force trainees graduated on the Akinci UAV systems at Çorlu Air Base, Türkiye.

Iran: Progress in relations between Saudi Arabia and Iran was equally significant, given the historical context.

Throughout 2025, Iran consistently sought Saudi mediation with Washington on multiple issues. Iranian officials, including the ambassador to Saudi Arabia, praised the kingdom’s efforts to de-escalate regional tensions and halt Israeli aggression, highlighting Riyadh’s role in stabilizing situations and applying diplomatic pressure. The visit of Defense Minister Prince Khalid bin Salman to Tehran was described as a “historic turning point in relations,” fostering a sense of partnership between the two countries in regional development and security.⁽³⁵⁾

In 2025, Saudi Arabia’s engagement with regional partners reached significant milestones, highlighting trilateral diplomacy and strategic defense coordination.

Saudi-Iran-China trilateral meeting: On December 9, a high-level trilateral meeting took place in Tehran, with Deputy Foreign Minister Waleed al-Khuraiji representing Saudi Arabia, Majid Takht-Ravanchi representing Iran and Vice Foreign Minister Miao Diyu representing China. The meeting aimed to follow up on the 2023 Beijing Agreement between Riyadh and Tehran. Both Saudi Arabia and Iran reaffirmed their commitment to fully implement the agreement and to continue building

strong neighborly relations. The three countries emphasized dialogue and regional cooperation to advance security, stability, peace and economic prosperity. They called for an immediate halt to Israeli aggression in Palestine, Lebanon and Syria, condemning violations of Iran’s territorial integrity, while Tehran praised the kingdom’s and China’s firm stance against the Israeli escalation.

Saudi-Pakistan strategic partnership: Saudi Arabia also achieved a landmark development with Pakistan, concluding a Strategic Mutual Defense Agreement (SMDA) on September 17, signed by Crown Prince Mohammed bin Salman and Pakistani Prime Minister Muhammad Shehbaz Sharif. Key clauses declared that “any aggression against either country shall be considered an aggression against both,” signaling a robust defense and deterrence posture. Analysts interpreted the substance and timing of the agreement as both a culmination of decades-long military cooperation and a potential nuclear umbrella provided by Pakistan, particularly in light of regional crises — including the Gaza war, tensions with Iran, attacks on Qatar and uncertainty regarding Washington’s security guarantees. The timing reinforced Saudi Arabia’s multilayered security strategy, reducing

reliance on a single actor while enhancing regional deterrence and providing a strategic bargaining tool with the United States.

Economic cooperation with Pakistan: Building on the strategic agreement, Saudi Arabia and Pakistan issued a joint statement on October 27, 2025, launching a framework for bilateral economic collaboration. This framework aims to explore high-quality projects across trade, investment and development sectors, strengthening the private sector's role and expanding trade in priority areas such as energy, industry, mining, information technology, tourism, agriculture and food security.

The Gulf Arena: Enhancing Integration and Strategic Partnerships

In 2025, Saudi Arabia advanced its engagement with the GCC states, prioritizing security coordination and strategic integration amid regional challenges, including the Iran-Israel conflict and Iran's prior attack on Al Udeid Air Base in Qatar. The Saudi-GCC Coordination Councils convened regularly, serving as platforms for consultation and cooperation across security, economic and development fields. That year saw the convening of all five bilateral coordina-

tion councils between Saudi Arabia and individual GCC member states.

Saudi-UAE relations: The third Al-Azm Retreat of the Saudi-Emirati Coordination Council took place on October 22-23 in Abu Dhabi, reviewing projects in energy, industry, infrastructure, finance, investment, environment, supply security and human development. The retreat included sessions on governance and UAE efforts to reduce bureaucratic red tape. On September 3, a summit in Riyadh between Crown Prince Mohammed bin Salman and UAE President Sheikh Mohammed bin Zayed Al Nahyan reinforced bilateral coordination. On November 10, the two countries signed an MoU to combat transnational corruption and strengthen institutional capacities. Despite tensions arising from UAE-backed STC incursions into Hadramawt, shared strategic interests allowed Riyadh and Abu Dhabi to maintain cooperation within the GCC framework.

Saudi-Qatar relations: The eighth session of the Saudi-Qatari Coordination Council convened in Riyadh on December 9, chaired by Crown Prince Mohammed bin Salman and Emir Sheikh Tamim bin Hamad Al Thani. The high-level meeting reflected the two countries' commitment to joint

Gulf action and regional coordination. Agreements included a high-speed electric train linking Riyadh and Doha. In his September 10 address to the Shura Council, the crown prince reaffirmed Saudi support for Qatar, condemning prior aggression against it and committing resources to uphold Doha's security and sovereignty.

Saudi-Bahrain relations: In 2025, bilateral relations were further strengthened during the fourth meeting of the Saudi-Bahraini Coordination Council, chaired by the Saudi crown prince and Crown Prince Salman bin Hamad Al Khalifa of Bahrain. The meeting resulted in the signing of several agreements and MoUs across multiple sectors.

In the field of nuclear safety and environmental protection, the Saudi Nuclear and Radiological Regulatory Authority partnered with the Bahraini Supreme Council for the Environment. Diplomatic training was enhanced through a joint program between the Prince Saud Al-Faisal Institute for Diplomatic Studies and the Mohammed bin Mubarak Al Khalifa Academy for Diplomatic Studies. Economic and investment cooperation was promoted through agreements to avoid double taxation, encourage direct investment and foster sustainable development between the respective

ministries. Collaboration in regulatory and competition matters was strengthened via an MoU between the Saudi Competition Authority and the Bahraini Competition Promotion and Protection Authority.

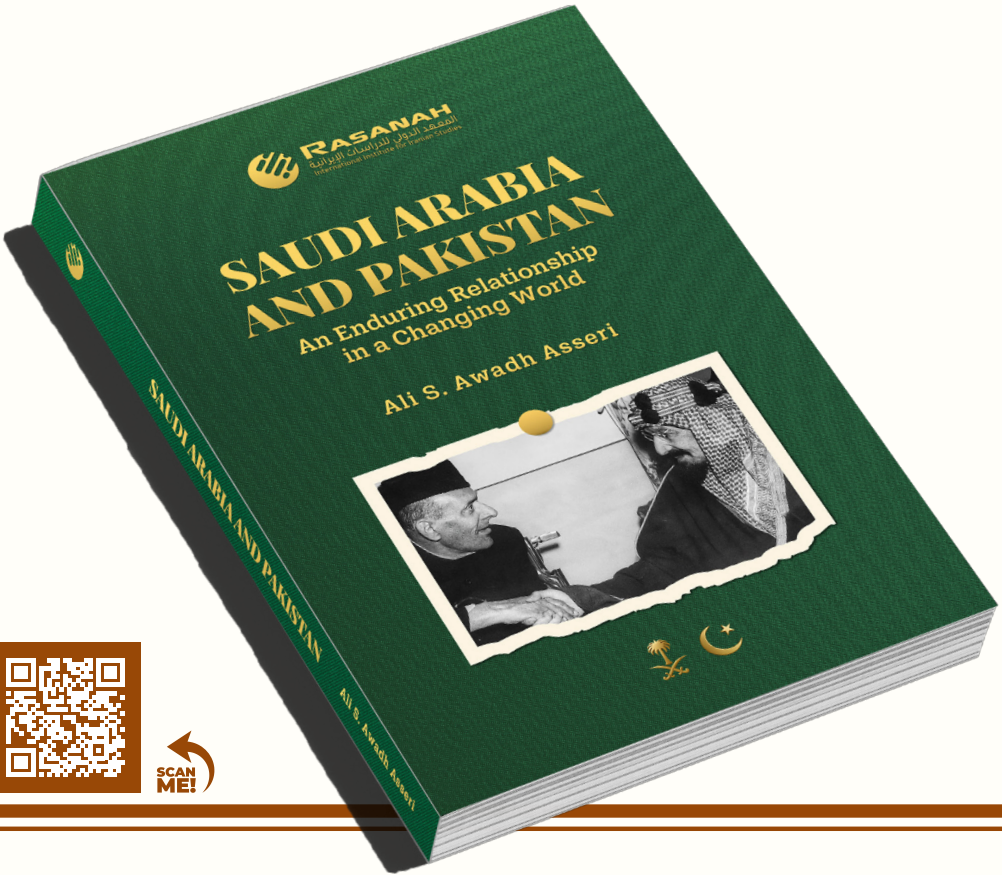
The two countries also advanced cooperation in transportation and infrastructure through coordination between the Bahraini Ministry of Transportation and Telecommunications and the Saudi Railway Polytechnic. In education and research, partnerships were established between King Saud University and the University of Bahrain. Additionally, efforts to develop the non-profit sector were reinforced through collaboration between the Saudi National Center for Non-Profit Sector (NCNP) and the Bahraini Ministry of Social Development. These initiatives collectively deepened bilateral ties and reinforced cooperation in governance, economic growth, education, sustainability and social development.


Saudi-Oman relations: In 2025, bilateral relations advanced across economic, political and military spheres. On October 1, the Saudi-Omani Business Council convened in Muscat to review proposals for establishing strategic partnerships in several economic sectors, with the goal of supporting

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the objectives of Saudi Vision 2030 and Oman Vision 2040. This was followed by the sixth meeting of the heads of the Economy, Trade, and Industry Committee of the Qatari-Saudi Coordination Council on November 30th, under joint chairmanship. The third meeting of the Saudi-Omani Coordination Council was subsequently held in Muscat, chaired by Saudi Foreign Minister Prince Faisal bin Farhan and his Omani counterpart Badr Al Busaidi.

On the military front, the commander of the Royal Air Force of Oman received the commander of the Royal Saudi Air Force, and both sides exchanged views on a range of topics of mutual interest. The two countries also conducted the joint Omani-Saudi exercise Sky Swords 2025 in October, with participation from aircraft of both air forces at King Abdulaziz Air Base in Saudi Arabia's Eastern Province.

In the field of financial and institutional cooperation, several MoUs were signed. On January 12, the finance ministers of Saudi Arabia and Oman signed an MoU to strengthen cooperation in financial affairs. On September 3, another was signed for collaboration in statistics and information. On October 1, agreements were signed in the fields of cybersecurity — between Oman's

National Cyber Defense Center and the Saudi National Cybersecurity Authority — and for the development of endowments in Muscat, as part of the Security and Judicial Coordination Committee's work.

Politically, Saudi Arabia praised Oman's efforts in hosting and sponsoring Yemen talks from December 9 to December 23,⁽³⁶⁾ highlighting the Oman's support for negotiations. These developments have led observers to note that Saudi Arabia and Oman are increasingly working in alignment toward a shared strategic vision.

Saudi-Kuwait relations: In 2025, Saudi Arabia's relations with Kuwait witnessed several significant developments. On January 15, the two countries signed an MoU on cooperation and intelligence sharing. This agreement outlined permissible areas of collaboration, established methods for exchanging information and emphasized a joint commitment to maintaining the confidentiality of shared information.

The third meeting of the Saudi-Kuwaiti Coordination Council took place on November 10 in Riyadh, co-chaired by the foreign ministers of both countries. During this meeting, four agreements and MoUs were signed, covering radio and television, economics and

planning, science, technology and innovation and public-private partnerships.

Throughout the year, several subcommittees of the Joint Coordination Council also convened. These included the Political, Consular and Citizenship Coordination Committee in February, the Military and Security Coordination Committee in May, and the Coordination Committee for Culture, Media, Tourism and Social Development in October. Each of these subcommittees reviewed initiatives and proposals relevant to their respective areas of expertise, reflecting a structured and multidimensional approach to bilateral cooperation.

Forging Strategic Partnerships Amid Global Turbulence

The kingdom's international engagement in 2025 was marked by speed and dynamism, while maintaining a high level of strategic balance amid a world unsettled by instability and a region beset by risks, armed conflicts and wars. Although 2025 stood out for the strategic evolution of the kingdom's relations with the United States, its initiatives with other global powers underscored a firm commitment to preserving strategic equilibrium. This approach was further reflected in the kingdom's actions

following the crown prince's visit to Washington, including parallel engagement with Russia and China. Together, these steps affirmed that close ties with Washington — and with the Trump administration in particular — did not come at the expense of relations with other major powers and partners.

The US: Enhancing the Political and Security Partnership Beyond Oil

A review of the evolution of Saudi-US relations — from the first term of US President Donald Trump (January 20, 2017 to January 20, 2021), through the administration of Joe Biden (January 20, 2021 to January 20, 2025), and into Trump's second term — shows that 2025 marked the apex of the kingdom's international political ascent, particularly in its ties with Washington. This was underscored by Trump's decision to make Saudi Arabia his first official foreign visit, echoing his initial term and highlighting the significance of the May 2025 outcomes. It was followed by the Saudi crown prince's November visit to the United States, the culmination of years of groundwork aimed at launching a comprehensive and diversified partnership.

Relations were tested during the Biden years, largely because the king-

dom chose to pursue a relationship grounded in equality, sovereignty and strategic partnership centered on Saudi national interests. This approach was clearly reflected in the November 2025 visit, down to precise protocol details, which reaffirmed traditional diplomatic norms based on parity, respect and sovereignty.

The two Saudi-US summits in May and November 2025 revealed the kingdom's elevated international standing and signaled a shift toward a new phase of partnership — one that moves beyond managing differences to redefining relations. Together, they revived the spirit of the historic partnership forged by King Abdulaziz Al Saud and President Franklin D. Roosevelt, reimagined for today's international order. The emerging era rests on multidimensional, qualitative partnerships that extend beyond oil and security toward broader political, defense, economic and technological integration.

A Comprehensive Strategic Partnership

During the crown prince's visit to the United States, the two countries signed the Strategic Defense Agreement (SDA) affirming that the kingdom and the United States are security partners capable of jointly addressing regional and

international challenges and threats. The agreement deepens long-term defense coordination, strengthens deterrence, enhances readiness and advances the development and integration of defense capabilities on both sides. During the visit, Trump formally designated the kingdom a Major Non-NATO Ally,⁽³⁷⁾ making it the 20th country to receive this status — the highest level of military and security cooperation the United States grants to a non-NATO state. He also approved the sale of F-35 fighter jets to the kingdom, reflecting a high degree of mutual strategic trust and Washington's recognition of the kingdom's central role in the regional security architecture.

These announcements constituted a practical embodiment of what the crown prince has articulated about the nature of bilateral relations, describing it as “irreplaceable” and “crucial to our political and economic efforts and our security.”⁽³⁸⁾ He described bilateral relations as grounded in understanding, candor and the exchange of interests, rather than diplomatic formalities. In this context, and despite the kingdom's awareness of the US desire — particularly under Trump — to advance political relations between the kingdom and Israel, the crown prince's position re-

mained clear and unequivocal. During the summit, he reaffirmed commitment to a defined pathway toward a two-state solution as the only viable entry point to achieving a just and lasting peace in the region.

On regional and international issues, Saudi Arabia and the United States showed strong alignment on crises in Sudan, Syria, Ukraine and Yemen, as well as on Iran and counterterrorism. Trump's responses to the crown prince's requests on Syria and Sudan highlighted mutual understanding and growing recognition of Saudi Arabia as a responsible crisis manager. This convergence influenced the broader US Middle East strategy, as reflected in the National Security Strategy. The strategy emphasized partnerships that respect local governance and political traditions, favoring pragmatic engagement over coercion. It underscores that stable, effective relations are built through acceptance and collaboration, not imposed restructuring or predetermined models.

Economic Partnership Moving Past Oil

During the crown prince's visit, Saudi Arabia and the United States signed a strategic economic partnership agreement, marking a major advancement

in bilateral relations. The agreement established a framework to accelerate Saudi investments, foster financial and economic cooperation, recognize US vehicle safety standards and advance education and training initiatives. It launched a comprehensive partnership covering security, economy, energy, space, environment, health and scientific research. A central focus was critical minerals, with a framework to secure uranium, base metals and permanent magnet supply chains. Both sides committed to boosting mutual investments, making this framework the foundation of their broader strategic cooperation.

AI and Tech Partnership

The strategic partnership between Saudi Arabia and the United States places AI, digital and technology sectors at its core, driving future cooperation. The kingdom aims to become a regional hub for AI and advanced technologies. Both countries signed a strategic AI MoU to develop national AI models, enhance data centers, support chip supply chains, and create regulatory frameworks. Another MoU focuses on healthcare AI applications, while the Saudi Public Investment Fund, Saudi Information Technology Company (SITE) and Microsoft agreed to support secure

digital transformation. A digital alliance will cover cloud computing, cybersecurity and robotics. The kingdom plans \$50 billion in semiconductor investment, with 2025 seeing multiple agreements on knowledge transfer, technology localization and talent development.

Civilian Nuclear Partnership

During the crown prince's visit, Riyadh and Washington signed a joint declaration finalizing cooperation in civilian nuclear energy. The United States announced that the agreement "establishes the legal framework for multi-billion-dollar collaboration over decades, in line with the Treaty on the Non-Proliferation of Nuclear Weapons." The year 2025 marked the start of a new era in Saudi-US relations, built on advanced defense partnerships, economic cooperation and digital alliances. This strategic shift is designed to guide the bilateral relationship for over 70 years, considering the United States as an oil exporter, the kingdom's engagement with China and India and the Vision 2030 project. Advanced, qualitative partnerships now complement the traditional oil-based foundation of the relationship.

Maintaining Balanced, Strategic Relations With China, Russia and India

In 2025, the kingdom managed its special relationship with the United States without undermining ties with China or Russia. Saudi leadership recognized the strategic value of the US partnership but did not rely solely on Washington. The kingdom continued strengthening relations with Moscow, Beijing and New Delhi, while the crown prince's strong ties with Presidents Putin and Xi Jinping complemented, rather than threatened, US relations. Key examples included the second Saudi-Chinese-Iranian summit, the signing of a labor partnership agreement with Iran, as well as hosting US-Russian talks in Diriyah. These actions highlighted Saudi Arabia's role in proactive, balanced diplomacy, mediating crises and easing regional tensions.

Leading Regional Dialogue and Enhancing Cultural Collaboration With China

In 2025, Saudi Crown Prince Mohammed bin Salman received Chinese Vice President Han Zheng on October 29,⁽³⁹⁾ followed by the fifth meeting of the Saudi-Chinese Political Committee in Riyadh on December 14, during the Chinese foreign minister's visit. The two

sides signed a mutual visa exemption for holders of diplomatic and special passports. Saudi Arabia reaffirmed its commitment to the "One China" policy, while China praised the kingdom's role in regional and international security and encouraged the development of Saudi Arabia-Iran relations. On June 30, the Saudi Ministry of Culture launched an executive program with the China-Arab Center, coinciding with the Saudi-Chinese Cultural Year 2025.

Multidimensional Economic and Strategic Partnership With Russia

In 2025, the Saudi-Russian Investment and Business Forum concluded in Riyadh alongside the ninth meeting of the Joint Ministerial Committee.⁽⁴⁰⁾ During the forum, the Saudi Ministry of Energy and the Russian Ministry of Economic Development signed an MoU on climate change and low-emission development cooperation. The two countries also agreed on mutual visa exemptions for their citizens. Additionally, the King Abdulaziz Foundation for Research and Archives (Darah) and Russia's Federal Archives Agency signed an agreement to collaborate through information exchange, joint seminars, forums and exhibitions, the sharing of relevant publications and bulletins and reciprocal

visits, strengthening cultural, scientific and institutional ties between the kingdom and Russia.

Economic, Cultural and Defense Integration With India

In April 2025, Indian Prime Minister Narendra Modi⁽⁴¹⁾ made an official visit to Saudi Arabia, during which the Saudi-Indian Strategic Partnership Council (SPC) was expanded to include four ministerial committees, adding defense cooperation and tourism and culture. A joint statement highlighted the strengthened foundation of the bilateral relationship across defense, security, energy, trade, investment, technology, agriculture, culture, health, education and people-to-people ties. Agreements signed included an MoU between the Saudi Space Agency and the Indian Space Research Organization, health ministry cooperation, Saudi Post and India's postal services and anti-doping collaboration. In December, the two countries also agreed on mutual visa exemptions for diplomatic, special and official passport holders.

Before his visit, Modi emphasized that the economic corridor linking India, the Middle East and Europe, launched in 2023, "will define the future of connectivity in all forms for

REPORT

The Significance of Crown Prince Mohammed Bin Salman's Recent Visit to the United States

As Saudi Crown Prince Mohammed bin Salman arrived in Washington, it was clear that the visit held implications far beyond US–Saudi Arabia relations. Much like US President Donald Trump's earlier Gulf tour that catalyzed partnerships worth hundreds of billions of dollars, the outcomes of the crown prince's recent visit to the United States signal a broader recalibration in which Riyadh and Washington are positioning themselves to shape the next phase of bilateral ties, with potential implications for the wider region...



centuries to come. It will become the key catalyst of commerce, connectivity and growth in the entire region” He described Saudi Arabia as “one of India’s most valued partners, a trusted friend and a strategic ally.” Modi also highlighted the alignment between Saudi Vision 2030 and India Vision 2047, noting numerous opportunities for integration across economic, technological and development initiatives that could strengthen long-term strategic and bilateral cooperation.

Enhancing Global Stature Through Conference Diplomacy

The kingdom has pursued multiple avenues to strengthen its international diplomatic presence, notably through a radical transformation of its exhibitions and conferences sector under Vision 2030. Strategic investments have enhanced the kingdom’s readiness to host major global events, reinforcing its status as a leading destination for international business and events. In 2025, this transformation produced tangible

results, with the Saudi Conventions and Exhibitions General Authority (SCEGA) reporting record growth in the kingdom’s business events ecosystem. The sector’s capacity expanded by 32% compared to the previous year, spanning 923 accredited venues, reflecting sustained investment in line with Vision 2030 objectives for tourism and the events industry.⁽⁴²⁾

This expansion demonstrates the kingdom’s ability to combine development ambition with executive efficiency.

cy by building a modern and advanced events infrastructure across Riyadh, Makkah and the Eastern Province, alongside developments in Madinah, AlUla, Asir and Najran. The strategic growth has strengthened the kingdom's position as a global destination, capable of hosting major events and providing integrated experiences for visitors and participants. It reflects the Saudi approach of leveraging the knowledge economy and economic diplomacy to enhance its international presence, translating Vision 2030 objectives into practical outcomes and showcasing the kingdom's capacity to align infrastructure development with global engagement goals.

Thus, the impact of these efforts extends beyond the economic sphere to strengthen the kingdom's diplomatic role on global platforms, positioning it as a pivotal actor in shaping multilateral dialogues and agreements and advancing its goals of a just and sustainable international order. The kingdom's hosted initiatives and conferences cover economic, political, cultural, religious, humanitarian, AI and digitalization fields. In the political sphere, AlUla hosted the Munich Security Conference for the first time in October, historically held in Munich, Germany. Around 100

senior international leaders and decision-makers attended, demonstrating the kingdom's commitment to international dialogue, regional cooperation and intercultural engagement.

In the economic sphere, Riyadh hosted a series of high-profile international events in 2025, demonstrating the kingdom's growing influence as a global economic hub. In January, the fourth International Ministerial Meeting of Ministers Responsible for Mining Affairs convened under the theme "Achieving Impact" as part of the International Mining Conference, bringing together representatives from over 85 countries, more than 50 international organizations, commodity trade associations and leading figures in the global mining sector. In February, the AlUla Conference for Emerging Market Economies (ACEME) was launched. It offers a platform for developing countries to articulate their perspectives and priorities on the global stage. On October 27, the ninth Future Investment Initiative (FII) opened at the King Abdulaziz International Conference Center under the theme "The Key to Prosperity: Unlocking New Frontiers of Growth," drawing over 8,000 participants and 650 prominent speakers across 250 sessions, transforming the

forum into an influential geo-economic platform for addressing global crises. In the same month, Riyadh hosted the Fortune Global Forum for the first time, reflecting Saudi Arabia's rising stature in shaping global economic policy. Discussions emphasized AI, geopolitical tensions, evolving trade policies and Gulf economic shifts, highlighting strategies for financial leadership and public-private partnerships. These events collectively underscored the kingdom's ability to convene global decision-makers and shape the future of international markets.

In the religious sphere, the kingdom hosted several landmark events in 2025 that reinforced its role as a center for Islamic scholarship and interfaith dialogue. In February, the Muslim World League in Makkah, under the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, organized the Global Conference for Building Bridges Between Islamic Schools of Thought and Sects, themed "Towards an Effective Islamic Convergence." It brought together leading muftis, scholars and representatives from jurisprudence academies and Islamic councils from all sects and schools of thought. In November, the fifth Hajj Conference and Exhibition, themed "From Makkah to

the World,” launched the “History of Hajj and the Two Holy Mosques” forum, featuring over 50 historians, researchers and specialists in history, architecture, culture, media and digital technologies, providing a comprehensive perspective on documenting the pilgrimage from pre-Islamic times to the Saudi era. In December, Riyadh hosted the 11th Global Forum of the United Nations Alliance of Civilizations (UNAOC), attended by UN Secretary-General António Guterres, under the theme “UNAOC: Two Decades of Dialogue for Humanity — Advancing a New Era of Mutual Respect and Understanding in a Multipolar World,” reviewing accomplishments and fostering global understanding.

In telecommunications, the Global Symposium for Regulators (GSR) was held in August under the theme “Regulation for Sustainable Digital Development,” with participation from ministers, regulators and private sector leaders from approximately 190 countries. In November, the inaugural TOURISE Global Tourism Summit, organized by the Ministry of Tourism, convened over 120 countries’ leaders to advance sustainable growth and innovation in global tourism.

In arts and architecture, Riyadh hosted the Desert Architecture Forum in October, focusing on urban design rooted in cultural identity, sustainability and the kingdom’s emergence as a global hub for architecture inspired by cultural heritage.

In the humanitarian field, Riyadh hosted the fourth Riyadh International Humanitarian Forum in February, organized by the King Salman Humanitarian Aid and Relief Center under the theme “Navigating the Future of Humanitarian Response.” The opening ceremony featured multiple high-value agreements, including \$500 million with the WHO for the Global Polio Eradication Initiative, \$200 million with UNICEF, \$100 million with the Islamic Development Bank Group for projects in member countries and the renewal of the longstanding partnership with the World Food Program (WFP), distributing over 100,000 tons of dates across more than 30 countries.

In international relations, the kingdom advanced practical solutions to global challenges. On September 22, the Ministry of Foreign Affairs held a ministerial dialogue in New York during the 80th UN General Assembly, titled “Water Diplomacy: A Bridge for Sustainable Development and Cooperation,”

focusing on global water security. Foreign Minister Prince Faisal bin Farhan highlighted Saudi Arabia’s expertise in water management, desalination and the establishment of the Global Water Organization in Riyadh. He also announced that the kingdom will host the 11th World Water Forum in 2027, underscoring the strategic importance of maritime routes, calling for collective action to safeguard global trade and coastal ecosystems.

On October 1, Saudi Arabia, in partnership with the UN, launched a global initiative to strengthen capacity in cyberspace. Announced during the Global Cybersecurity Forum in Riyadh, the program was implemented in collaboration with the SITE and the International Cybersecurity Forum Foundation, alongside UN agencies. It aims to address critical global challenges in cybersecurity, including the estimated shortfall of 2.8 million professionals worldwide. Later in October, the kingdom signed the UN Convention against Cybercrime in Hanoi, Vietnam, marking one of the first countries to endorse this legally binding, multilateral treaty — the first under the UN framework in over 20 years — to combat cybercrime globally.

Mediation and Relief: Investment in a Stable and Safe World

The kingdom's engagement in mediation and conflict resolution stands as one of the most enduring pillars of Saudi foreign policy. In 2025, Riyadh intensified these efforts across multiple crises where it identified opportunities to de-escalate tensions and limit their wider repercussions. On February 18, Saudi Arabia hosted US-Russian talks at Diriyah Palace in Riyadh, producing a notable breakthrough that included agreements on the return of diplomatic staff, expanded economic cooperation and the formation of a senior team to address a settlement in Ukraine. Sponsored by the crown prince, the talks underscored the kingdom's ambition to narrow gaps between Washington and Moscow in support of global stability.

In May, Saudi diplomacy also played a decisive role in easing heightened tensions between India and Pakistan. Through high-level contacts and a visit by the Saudi foreign minister to Islamabad and New Delhi on 9 May, Riyadh drew on its balanced relations and accumulated political capital with both sides to press for restraint and dialogue over escalation.

Beyond these cases, Saudi Arabia remained active throughout 2025

in efforts to stabilize crisis-stricken countries and regions, including Syria, Sudan, Yemen, Lebanon and Gaza. These mediation initiatives were paired with humanitarian assistance and a broader vision centered on restoring the nation-state in parts of the Arab world facing protracted turmoil. Following the collapse of the Syrian regime, the kingdom moved quickly to support the restructuring of governance and Syria's return as a functioning state. It also worked to contain the Yemeni crisis after unrest in Hadramawt and Al-Mahra linked to actions by the STC. On Gaza, Riyadh adopted a firm position against forced displacement, reaffirmed its commitment to a two-state solution and prioritized the delivery of humanitarian aid to Palestinians. At the same time, it elevated Sudan to the forefront of US attention and sustained its Jeddah-based track, alongside Washington and other partners, to pursue a political resolution.

At a broader level, Saudi Arabia views wars and conflicts as deviations from the norms of international relations that squander human potential, national resources and the wealth entrusted to humanity. This outlook underpins its consistent advocacy for crisis resolution, conflict containment and the

pursuit of just and sustainable settlements. The Ministry of Foreign Affairs plays a central role in this approach, issuing statements that track emerging tensions, identify early warning signs, and clarify the kingdom's position from the outset of crises through escalation and, ultimately, stabilization. Across these stages, Riyadh calls on parties to restrain belligerence, halt hostilities and engage in dialogue, while expressing openness to mediation efforts worldwide.

This posture was evident in October, when the ministry voiced concern over clashes along the Pakistan-Afghanistan border on October 11, urging restraint, de-escalation and dialogue to safeguard regional stability. On October 19, it welcomed the subsequent ceasefire agreement reached during the Doha talks, praised the mechanisms established to entrench lasting peace, and commended the mediation efforts of Qatar and Türkiye.

Similarly, in an official statement issued by the Ministry of Foreign Affairs on October 26, the kingdom welcomed the ceasefire agreement between Thailand and Cambodia, commending efforts to end the border conflict and open the way for a durable peace that meets the aspirations of both states and their

peoples. Riyadh also praised the roles played by the United States and Malaysia in facilitating the agreement. On July 19, Saudi Arabia likewise welcomed the signing of the Doha Framework for Peace Agreement between the Government of the Democratic Republic of the Congo and the Congo River Alliance “M23 Movement,” expressing hope that the step would help improve humanitarian and economic conditions in the country and contribute to regional and international peace and security. The kingdom also lauded Qatar’s diplomatic efforts and constructive role in that process.

Within this broader mediation track, some reports indicated that Iran requested Saudi Arabia’s assistance in encouraging the United States to revive stalled nuclear negotiations and work toward a new agreement. The Iranian president was reported to have sent a message to the Saudi crown prince affirming that Tehran does not seek confrontation, wishes to deepen regional cooperation and remains open to resolving the nuclear issue through diplomacy, provided its rights are safeguarded.

More broadly, the kingdom frames its foreign policy around a commitment to a just international order that

upholds security and peace. This position was reflected in Saudi Arabia’s statement at a high-level UN Security Council meeting on multilateralism and global governance reform, where it stressed the need to combine effectiveness with multilateralism and fair representation. The kingdom also called for reforming the Security Council to better reflect contemporary realities and respond more effectively to shared global challenges. In this context, Saudi foreign policy is conducted through professional diplomacy grounded in mutual respect among states, promoting partnership, cooperation and international stability regardless of disparities in power or size.

Building on earlier initiatives, Saudi Arabia and the IMF announced on February 17 a landmark program, involving regional countries and major international financial institutions, to support conflict-affected economies in the Middle East. A joint Saudi-IMF statement said the initiative aims to mobilize international financing to meet urgent needs, funding comprehensive reform agendas that include reconstruction, humanitarian assistance and institution-building. The announcement was made during a high-level roundtable hosted by the Saudi Ministry of Finance

and the IMF on the sidelines of the first edition of the AlUla Conference for Emerging Market Economies.

Humanitarian action constitutes the kingdom’s second core pillar in promoting global stability. As of August 2025, Saudi Arabia’s humanitarian and relief assistance exceeded \$141 billion, delivered through more than 7,983 projects in 173 countries, reflecting a long-standing commitment to principled aid without discrimination. In this context, the King Salman Humanitarian Aid and Relief Center launched the Seed Initiative on October 15, 2025, to support small-scale rural producers in crisis- and disaster-affected areas worldwide, focusing on community agriculture, technical assistance, vocational training, microfinance and sustainable marketing.

The Saudi foreign minister has emphasized that current global and regional crises underscore the need for a unified humanitarian approach. Speaking at the opening of the fourth Riyadh International Humanitarian Forum on February 24, he stressed the role of humanitarian diplomacy in coordinating efforts and reinforcing diplomatic initiatives aimed at conflict mitigation and recovery.

Finally, the kingdom's approach to crisis mediation and the promotion of peaceful settlements — closely integrated with humanitarian relief — rests on several interrelated considerations.

First, it is rooted in regional values and Arab traditions shaped by a civilizational Islamic outlook that prioritizes the preservation of human life and the redirection of resources from war toward charitable and constructive purposes.

Second, Saudi Arabia recognizes that the current proliferation of conflicts and wars poses serious threats to global stability, economic growth and development, creating a pressing need for credible and broadly accepted mediators — a role the kingdom has increasingly assumed amid growing international confidence in its conduct.

Third, the kingdom's posture draws on the Arab region's cumulative experience with war, which has demonstrated that those who suffer most are often not the direct participants and that conflicts routinely spill across borders.

Fourth, Saudi diplomacy builds on an established record of mediation, including the Fez Initiative (1981), the Taif Agreement (1989), the Lockerbie crisis (1999), the Arab Peace Initiative (2002), the Makkah Agreement (2007), medi-

ation in Afghanistan (2008-2009), the AlUla Declaration (2021), the peace initiative to end the Yemeni crisis (2021), ongoing mediation in Sudan since 2023 and sustained efforts toward a two-state solution in Palestine.

Fifth, the kingdom leverages personal diplomacy, notably through the crown prince's direct engagement with Trump and diplomatic channels with the US administration, as seen in the cases of Syria and Sudan.

Sixth, mediation in Saudi foreign policy represents a continuation of the kingdom's longstanding role in stabilizing global oil markets since the 1960s, a stabilizing function that remains relevant — and increasingly necessary — in an era marked by technological change, including AI, and complex challenges to international peace, security and prosperity.

Strategic Challenges for Saudi Policy

A review of the report's first three sections shows that Saudi policy in 2025 recorded notable advances at the national, regional and international levels. These gains were evident in the deepening of economic transformation, the expansion of diplomatic maneuverability and the redefinition of the kingdom's role within a highly fluid

regional and global environment. Yet this progress — marked by broader responsibilities, a wider range of issues and a faster tempo of achievement — has ushered Saudi Arabia into a more complex phase. The central challenge now extends beyond achieving objectives to sustaining and managing them effectively. From this standpoint, this section examines the most salient strategic challenges the kingdom is likely to confront in the next phase, treating them as natural outcomes of upward momentum rather than signs of regression. Collectively, they constitute a critical test of the effectiveness of Saudi policy in converting short-term gains into durable stability and strong institutional performance.

Sustainability and Technological Transformation Challenges Within Saudi Arabia

Domestically, the kingdom has made steady and measurable gains under Vision 2030. Ambitious policies and a wide range of initiatives have helped drive economic growth, upgrade infrastructure and deliver record non-oil revenues, underscoring the capacity of state institutions to operate within a coherent strategic framework. Yet a structural challenge persists: strength-

ening the link between measuring digital outputs and evaluating their real-world impact. Addressing this gap is essential for an accurate assessment of achievements and for sound planning in the next phase. In this context, the large number and diversity of initiatives — clear signs of institutional dynamism — require more precise evaluation and monitoring tools. Such tools should distinguish between initiatives that have reached sustainable impact and those still in development or pilot stages, enhancing long-term effectiveness without diminishing the scale of accomplishments.

At the same time, technological transformation and national capacity-building remain central challenges. The kingdom aims to establish itself as a global hub for AI and advanced technologies, but faces constraints including high operating costs and a limited pool of specialized talent. Ongoing domestic debate highlights that attracting expertise and building national knowledge systems capable of innovation — not merely operation — are decisive to turning technology investments into lasting competitive advantages amid rapid global change.

Regional Complexities and Leadership Role Test

Regionally, stability remains fragile and highly exposed, despite a decline in the intensity of escalation compared with early 2025. The ceasefires in Gaza and southern Lebanon, as well as developments in Syria, continue to rest on tenuous understandings, placing sustained pressure on the kingdom as it manages its role as a regional balancing force. A further challenge lies in converting Saudi Arabia's diplomatic momentum in support of a two-state solution from a political opening into a concrete and effective course of action, particularly in light of Israel's unpredictable policies and its evident disagreements with several international partners.

Managing Divergent Views Within Regional Alliances

In 2025, a core challenge emerged: managing the divergence of interests within regional alliances. The kingdom began shifting from ad hoc, crisis-driven alliances toward redefining the rules and boundaries of partnership. This effort aimed to protect national interests and prevent field or political imbalances that could prove difficult to control later. The divergence was most evident in

the Yemeni crisis, particularly between the kingdom and the UAE over the deployment and support of STC forces in Hadramawt and Al-Mahra. In response, the kingdom employed coordination and containment measures, including joint visits, warning messages and limited force to manage influence on the ground without direct confrontation. This situation illustrates the complexity of divergent interests within a single alliance and highlights that sustaining partnerships now demands a mix of subtle diplomacy and calculated deterrence to preserve regional stability and maintain the alliance's internal balance of power.

Forging International Partnerships Within a Volatile Global Context

Internationally, despite the momentum behind the reset of Saudi-US relations, this trajectory remains dependent on internal US dynamics. The upcoming midterm elections, affecting half the House of Representatives and a third of Senate seats, could reintroduce partisan polarization that impacts the kingdom. Riyadh faces the challenge of insulating its strategic partnerships from these political fluctuations and ensuring that the major agreements achieved in 2025 are preserved and not

turned into points of domestic contention within the United States. Maintaining continuity in cooperation will be critical to sustaining long-term bilateral progress.

Conclusion and Future Trends

2025 was not just a year of accumulated achievements, but a pivotal turning point that reshaped the kingdom's posi-

tion domestically, regionally and internationally. Saudi Arabia demonstrated a sophisticated capacity for managing transformation by accelerating change while regulating its pace and linking it to institutional frameworks and long-term strategy. The kingdom now approaches its standing as a strategic responsibility, emphasizing balance

over displays of power or impulsivity. The emerging Saudi model focuses on converting achievements into sustainable stability, strategic flexibility and adaptable options in an uncertain global environment. Post-2025, the test lies in resilience, adaptability and the ability to transform major gains into long-term strategic opportunities.

Endnotes

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An abstract graphic featuring a large, light-colored fingerprint pattern. Overlaid on the fingerprint are several thick, curved strokes in green, orange, yellow, and grey, creating a sense of movement and depth.

CONCLUSION AND THE WAY FORWARD

The year 2025 witnessed a series of exceptional and pivotal developments that reshaped the global landscape on many levels — political, economic, security and military. These events are expected to have far-reaching repercussions throughout 2026, particularly in the form of wars, assassinations and escalating international and regional tensions. The 2025 ASR examines these developments comprehensively, offering in-depth analysis at both the international and regional levels. It also provides a detailed analytical reading of developments in Iran and strategic shifts in Saudi Arabia, with the aim of producing an accurate short and medium-term forecast.

At the international level, Donald Trump's return to power cast a long shadow over both the US interior and the global order. He pursued a hardline right-wing agenda under the banner of "America First," backed by the "Make America Great Again" movement. While he achieved limited successes, notably on immigration, these came at a significant human rights and economic cost. His domestic policies continued to fuel polarization, amid shortcomings in economic improvement, the expansion of executive power and the marginalization of institutions. This has raised fundamental questions about the future of the US political model, democracy and longstanding values. Such dynamics appear to have contributed to a decline in support among some of his backers, alongside Democratic gains in several key elections, signaling waning popularity for both the president and the Republican Party. This trend could pose a serious challenge should the 2026 mid-term elections result in a Democratic majority in Congress, further deepening political divisions.

Abroad, Trump persisted in withdrawing from multilateral institutions and relying on coercive tools — most notably tariffs — to advance US interests in relations with both allies and

rivals alike. Undoubtedly, this policy enabled Trump to secure certain gains, bring some conflicts to an end and compel states to adapt to his approach. He is likely to reap further benefits from this expansionist style, which relies heavily on force and coercion. However, despite these advantages, Trump's plans are not without obstacles. A number of states are pursuing hedging strategies, seeking alternatives that reduce their vulnerability to US geopolitical and economic pressure. Over time, some powers may develop counter-strategies or instruments designed to raise the cost of US coercion. In essence, Trump's approach is upending established domestic and international rules. Under this confrontational trajectory, the world is still grappling with a central question: whether the rules-based international order can continue without US backing, or whether Washington will ultimately be compelled to resume its role in sustaining it in order to contain deterioration and avert chaos.

On another front, Sino-US rivalry is generally moving toward escalation with tensions just stopping short of war. This stems from the United States seeking to preserve its hegemonic position in the international hierarchy and employing tools aimed at directly

containing China, while revisionist China insists on advancing toward international leadership and reshaping the rules of the US-imposed unipolar order. Therefore, competition is likely to oscillate between escalation and de-escalation, particularly during Trump's second term. This is due to the narrowing power gap, the inability of either side to secure a decisive victory, their focus on scoring gains at regional and global levels, the deep interdependence of the US and Chinese economies and the pragmatism — along with unpredictability — that characterizes Trump's decision-making. Moreover, Trump lacks a coherent China strategy, vacillating between imposing trade sanctions on Beijing and issuing conciliatory statements toward his Chinese counterpart.

On the European front, the Trump administration's policy of reducing military support to Ukraine and shifting part of the financial burden onto European powers contributed to a decline in the Ukrainian army's capabilities. This, in turn, allowed Russia to regain territory and gradually expand its influence within Ukraine. The war entered an advanced phase of attrition, with infrastructure emerging as a primary target for both sides. The Trump administration managed to formulate a framework

that Russia readily welcomed and Ukraine reluctantly accepted. However, the entrenched positions of both parties, along with European reservations, continue to obstruct the conclusion of a peace agreement. Taken together, these dynamics are pushing negotiations to continue at a very slow pace, punctuated by intermittent escalations as each side seeks to pressure the other into concessions to end the war.

As for the global economy, the world is experiencing a historic moment in which economic crises intersect with successive geopolitical and geoeconomic shifts. This convergence increases the likelihood of modest global growth and subdued international trade in the near term, heightens the risks associated with global debt and encourages hedging strategies and the accumulation of safe-haven assets. These trends are reinforced by rising protectionism, intensifying competition among major powers and the early signs of declining confidence in the US dollar, even though no fully viable alternative has yet emerged. This situation is further compounded by declining US interest rates and falling global oil prices as a result of oversupply and weakening demand, while precious metals — especially gold — have surged to unprec-

edented levels, despite their susceptibility to sharp reversals, as witnessed in previous decades. Although AI, the digital economy and small-scale nuclear energy hold potential as future drivers of productivity and cost reduction, excessive investment coupled with weak profitability models could generate financial bubbles that threaten the stability of global markets.

The global economy is also witnessing a gradual shift in its center of gravity from the West toward the East and the Global South, while Western powers are fiercely defending their accumulated gains by all means available. This dynamic heightens the risk that the global economy will enter a transitional phase marked by volatility and instability, coinciding with the rise of protectionist policies and increasingly assertive US geopolitical maneuvers. In this environment, geoeconomic competition among major powers is set to intensify, while capital flows are likely to accelerate toward more stable and attractive markets. Economic supremacy will increasingly hinge on access to technological innovation, the green transition to new energy sources, the digital economy and unconventional resources, making strategic adaptation a prerequisite for survival and influence in the near term.

Within the broader contest for dominance in unconventional domains, advanced economies are expected to allocate substantial financial and political capital to securing rare earth minerals, driven largely by Trump's competitive policies vis-à-vis China. In response, China and major European powers are likely to pursue multilateral and bilateral agreements aimed at facilitating mineral exploration and processing, thereby safeguarding their interests against rival efforts to influence smaller, resource-rich states or to attain technological superiority. By 2026, this competition may increasingly blend hard and soft power, creating space for developing — and even least developed — countries to reemerge as consequential actors, compelling major powers to acknowledge their weight in arenas such as Ukraine, Venezuela and Africa.

In the space domain, the launch of Artemis II, the first manned lunar orbital mission since the Apollo era, is scheduled for April. This sets the stage for the lunar race. China is set to launch its next lunar mission, Chang'e 7, by mid-2026, targeting the South Pole — a region of intense scientific and strategic interest. The mission includes an orbiter, a lander, a rover and a small flying vehicle (hopper) designed to descend

into deep craters for close exploration. Meanwhile, the European Space Agency's PLATO mission (Planetary Transits and Oscillations of Stars), scheduled for launch in December 2026 aboard the new Ariane 6 rocket, is expected to be one of the year's most prominent scientific achievements. Equipped with 26 cameras, PLATO will monitor around 200,000 stars to detect small rocky exoplanets within habitable zones and to determine the ages of their host stars. Given the global order's immense turbulence, not only is the refinement and miniaturization of nuclear weapons on the cards, but South Korea, Japan, Poland and Germany may also revisit their defense policies in favor of nuclear deterrence. As for Iran, the fate of its nuclear ambitions will remain closely tied to the durability and continuity of its ideological establishment.

Regarding ideological dynamics, the extreme right gained unprecedented ascendance — a trend likely to persist, fueled by ongoing wars and heightened international tensions, amplified by both far-right and far-left ideologies. Concerning violent groups, the influence of ISIS and al-Qaeda has declined significantly in Syria and Iraq, with near-total absence in Egypt's Sinai Peninsula. However, their activity is in-

creasing in parts of Africa, where state fragility and weak security and intelligence institutions create opportunities, highlighting the need for external support from countries with advanced counterterrorism experience.

In the realm of religious institutions, the appointment of Sheikh Saleh al-Fawzan as Saudi Arabia's new grand mufti marks a significant step toward reconciling tradition with modernity, aligning religious principles with active engagement in contemporary life both regionally and internationally. It also emphasizes the institutionalization of fatwa issuance, moving away from purely personal scholarly opinions, with expectations that scholars will increasingly consider the objectives of Islamic law from a practical perspective. In Syria, a new grand mufti was appointed and a diverse Fatwa Council was established, signaling a potential shift toward depoliticized religious authority, unlike the previous regime. In Egypt, a dispute arose between Al-Azhar and the Ministry of Religious Endowments (Awqaf) over fatwa law, with Al-Azhar prevailing. Meanwhile, Awqaf, in coordination with the Military Academy, has been recruiting imams and preachers to align their education and thought with

the state's vision, national security and concept of enlightenment.

Regarding Islamist groups, the Trump administration has discussed designating the Muslim Brotherhood — particularly its parent organization in Egypt — as a terrorist group, a move likely to occur next year due to the group's confrontations with Arab governments and violent pronouncements by its affiliates.

With regard to Islamist governance, Syria's new government demonstrates political pragmatism and flexibility, enabling strategic alliances with Türkiye, Saudi Arabia and Qatar, engagement with the West and relative insulation from Israeli actions. Their religious and political discourse has remained balanced, a trend expected to continue. By contrast, the Taliban in Afghanistan remains ideologically rigid, losing Western recognition and showing little likelihood of near-term concessions or reforms.

Finally, regarding Salafist movements, Iraq's temporary ban on the Madkhali Salafist group — later lifted under pressure — reflects the group's generally peaceful stance, non-involvement in politics and occasional support to the Iraqi state in times of crisis.

At the regional level, the GCC states are increasingly poised to become a hub of strategic decision-making, capable of directly influencing global power balances. This rise stems from the foresight of Gulf leadership, their skill in translating resources into external influence and the Gulf's strategic location at the intersection of three continents and the main crossroads between East and West. These factors enable the GCC to act as mediators and balancers among competing major powers, while emerging as a multidimensional force in regional and international affairs. Through structural foundations and deliberate strategies, these states are reshaping their place in the global hierarchy, offering a contemporary model of power that affects security, stability and innovation in the 21st century, reflecting a long-term strategic vision beyond conventional measures of influence.

Concerning Israel, Tel Aviv is expected to persist in its expansionist ambitions, continuing violations in Syria and Lebanon. The "Greater Israel" project faces significant obstacles: Israel's international reputation as an aggressor, the inability to provoke escalation among Arab states and the Arab states' insistence on a Palestinian state as the resolution to the historic conflict. This

is in addition to an expected growing Turkish role in the region, further constraining Israeli ambitions by employing varied policies, tools and alliances. In Gaza, escalation remains a scenario. Central to this dynamic is the unresolved issue of disarming Hamas, which remains the Achilles' heel of the Sharm el-Sheikh agreement and could serve as Israel's justification for future military actions in Gaza and the occupied territories.

A relative calm may persist if Netanyahu leaves office and a new government adopts less extreme, more pragmatic policies, focusing initially on domestic consolidation. Regional actors may further stabilize the situation by fostering an Arab alignment — including Saudi Arabia, Egypt, and Qatar — cooperating with influential Islamic countries such as Türkiye and Pakistan to counter potential Israeli escalations, regardless of Netanyahu's political fate.

Türkiye's geopolitical role is entering a more entrenched phase, focusing on transforming its expanding influence into functional centrality within regional and international systems. This shift reflects a qualitative evolution, marked by growing defense independence and strategic consolidation. The most sensitive challenge for Ankara remains

managing its intensifying competition with Israel, especially given Türkiye's expanding presence in Syria, the Caucasus and the Eastern Mediterranean, which Israel perceives as a constraint on its own regional ambitions.

Türkiye is expected to transition from rapid ascent to a stable, controlled rise, prioritizing the fortification of existing fronts rather than opening new ones. Its role will not hinge on adventurism nor diminish under pressure; instead, Türkiye will emerge as a mature regional power capable of shaping balances, influencing energy and security trajectories and leveraging military and technological superiority into lasting political influence within the volatile regional and international context.

For Africa, efforts to assume a more influential role are expected to continue, strengthening continental interests and leveraging global competition to maximize gains. Three overlapping trajectories are likely: first, the rise of industrial clusters in cities like Lagos, Casablanca, Cape Town and Nairobi, integrating Africa into global supply chains; second, potential militarization, exemplified by Egypt-Ethiopia tensions in Somalia, Russian operations in the Sahel, Chinese infrastructure expansion and Red Sea conflicts, making Af-

rica a competitive arena over resources, maritime routes and strategic regions; third, persistent development divides, where some nations industrialize and integrate globally while others become more fragile. The convergence of these trajectories will produce a complex African landscape — simultaneously advancing and vulnerable — where strategic ambitions intersect with structural challenges, transforming the continent into a pivotal center for reshaping international economic, political and resource balances.

The security environment in South Asia is projected to remain volatile, with limited prospects for sustainable stability. Internal political tensions, ongoing armed group activities — including New Delhi's accusations against Islamabad and Pakistan's concerns regarding Afghanistan — and the operations of the TTP will continue to dominate the regional security landscape. India's deepening ties with Kabul exacerbate Pakistan's fears of encirclement, leaving the ceasefire agreement as a temporary tool for managing rather than resolving conflict. Structural challenges, mutual distrust and the exploitation of crises for domestic politics make a rapid return to confrontation likely, keeping the region in a fragile balance of terror.

In the absence of sustained political will and coordinated regional diplomacy, the India-Pakistan ceasefire may just be a temporary pause, lacking the foundations needed to move toward a durable peace. And despite the prevailing calm along the border, the latent threat posed by militant activity is expected to remain the most pressing challenge in 2026.

In the South Caucasus, the US-mediated Azerbaijani-Armenian peace agreement and the Zangezur Corridor project (the Trump Route for International Peace and Prosperity) resolved one of the region's most complex conflicts. However, tensions over corridor implementation are expected to persist, particularly within Armenia, where some factions view the deal as coercive and infringing on sovereignty. The corridor intersects with the strategic interests of Russia, Iran and China, who are likely to monitor the project without immediate escalatory measures. A potential cessation of hostilities in Ukraine and a US-Iran nuclear agreement could encourage Iran and Russia to participate in the corridor, provided they receive guarantees from Washington, shifting their stance from opposition to engagement.

Regarding Iran, calls for comprehensive reforms and fundamental changes in the establishment's domestic and foreign policies are expected to intensify in 2026. The establishment's continued hardline stance, coupled with ongoing protests — openly supported by Trump — may pose a direct threat to its survival. Limited US or Israeli strikes could pressure Tehran to make concessions, such as agreements with the IAEA on inspections or opening negotiations with the United States, potentially paving the way for a new nuclear deal.

The Iranian economy, already struggling for seven years, faced further deterioration in 2025. Israeli strikes worsened structural crises dating back to 2018, while the currency lost around 95% of its value, inflation exceeded 40% and growth stagnated. These conditions eroded the middle class, increased poverty and unemployment — especially among the youth — and exposed vulnerabilities in the financial and military infrastructure. The strikes caused billions in direct losses, destabilized markets and weakened business confidence. Continued sanctions, inflation, currency depreciation, capital flight and budget deficits threaten social stability and may jeopardize the establishment's survival if unresolved.

Concerning ideology, the Iranian ruling elite has not seriously pursued genuine theoretical or practical revisions. The succession to the supreme leader remains ambiguous and politicized, with violent, politicized fatwas continuing to dominate public religious affairs. Rumors circulated during the June 2025 war about Khamenei appointing a successor — whether true or deliberately spread for wartime politics is unclear. Nonetheless, the succession crisis is real, exacerbated by the death of former President Ebrahim Raisi and the aging of the ruling religious elite, which limits the establishment's flexibility and engagement with younger generations. Consequently, succession is likely to remain a central point of contention, while policies toward youth, women and seminaries are expected to continue without major reforms, constrained by both intellectual stagnation and the establishment's monopolistic ideology.

The Iranian military and security apparatus faced a severe test during the June 2025 war, exposing weaknesses in defense systems and the fragility of international alliances. Under renewed threats, the establishment hastily replenished missiles and restructured its military and security institutions, though the effectiveness of these mea-

sures remains uncertain. Support from China and Russia remains insufficient relative to Iran's needs. Socially, the leadership leveraged nationalist rhetoric after the war, rallying diverse social segments against Israeli aggression. This blend of nationalism and religious framing aims to maintain social cohesion, which is vital amid economic difficulties and the looming risk of renewed conflict.

Iranian-Gulf interactions in 2025 suggest that the next phase of relations will be defined by cautious engagement. The Gulf states' rising political, economic and development influence contrasts with Iran's declining role, constrained by sanctions, the nuclear program crisis and internal and external pressures. Nevertheless, cautious engagement does not rule out potential progress, and the Gulf states are likely to support improving ties with Tehran in 2026.

In Yemen, Iran is expected to continue leveraging the Houthis' strategic escalation and de-escalation tactics to strengthen its influence, threaten Red Sea security and disrupt maritime traffic, particularly if US or Israeli pressure intensifies. This approach serves to relieve international pressure on Iran while allowing the Houthis to evade Ye-

meni peace efforts, in case of a US-Israeli strike on Iran in 2026.

In Iraq, Iran remains determined to maintain influence through the PMF and allied militias, linking the PMF's survival to Hezbollah's retention of arms in Lebanon. Yet, given Iran's strategic predicament and the weakening of the "Axis of Resistance," its sway over Iraqi decision-making is likely to decline under US pressure. Efforts to dissolve the PMF are expected to face significant challenges, as reintegration into the Iraqi army without preserving its structural integrity appears highly complex.

In 2025, Lebanon faced unprecedented regional and international pressures regarding Hezbollah's weapons, extending beyond traditional debates about Iranian influence. These pressures overlapped with internal Lebanese transformations — political, security and economic — limiting Iran and Hezbollah's maneuverability. The decline of veteran leaders and difficulty in replacing them made managing these challenges more fragile. Despite this, Hezbollah's arsenal remains central to Iran's deterrence and regional influence. Iran's ability to adapt to shifting regional and international conditions will determine how

it maintains influence and deterrence without entering costly direct conflict.

Iran-Pakistan relations showed potential for steady improvement after reciprocal visits, with cooperation likely in areas such as the economy and counterterrorism, while tensions remain on border security and adherence to UN and US sanctions.

The ceasefire between Israel and Iran remains fragile, making renewed conflict likely. The June 2025 war demonstrated Israel's aim to eliminate Iran's nuclear and ballistic threats. Iran persists in advancing its nuclear program despite US pressure, while Israel has increased military budgets, signed arms deals with the United States and modernized its defense systems to address vulnerabilities revealed during the 12-Day War. Both sides remain mobilized and prepared for war, with the structural drivers of conflict outweighing deterrents, keeping the short-and medium-term risk of war high.

Iran's relations with Russia and China are being severely tested. While Tehran depends on these two powers to counter challenges, threats and sanctions from the United States and the UN, it has not yet received the support it seeks — especially militarily and politically. Russian and Chinese support for Iran

is qualified by their own national interests, including relations with the United States and the West as well as regional dynamics involving the Gulf states and Israel. Consequently, this situation is expected to persist through 2026.

Europe's alignment with the US position on Iran's nuclear program has added further pressure, with Iran partially responsible due to its prior support for Russia in the Ukraine conflict, which Europe views as a direct security threat. The June war with Israel and the reimposition of sanctions highlighted the high costs of this European bias. Given the stalemate over the nuclear issue, ongoing human rights violations, the IRGC's actions against Iranian dissidents in Europe and persistent US and Israeli threats, escalation is likely to remain a defining feature of Iran-Europe relations.

US attacks on Iranian nuclear facilities have undermined the establishment's strategic plans, while sanctions and political pressure have worsened internal conditions, severely limiting Tehran's room for maneuver. The Trump administration is expected to maintain pressure, aiming for decisive gains to neutralize perceived Iranian threats, particularly regarding its nuclear program, missile capabilities and region-

al influence. Military action remains a possibility if Iran continues with its policy of nuclear ambiguity or provokes Washington. Such strikes could aim to force fundamental change. Faced with Trump's uncompromising demands, the establishment confronts a stark choice: survival or capitulation. Historical patterns suggest Iran will attempt to continue without making major concessions, mitigating impacts where possible. Yet, if confronted with existential threats and unrelenting US pressure, the establishment may be forced to submit, especially given domestic instability and unreliable support from Russia and China. For Iran's ruling elite, survival remains its primary priority.

In 2025, Saudi Arabia reached a pivotal stage in implementing Vision 2030, transitioning from experimentation to strategic empowerment and confident, flexible management of major transformations. The kingdom consolidated a national model emphasizing strategic flexibility, integrating economic, cultural and technological dimensions, with the public interest as the reference point for adaptation and evaluation. This enhanced Saudi Arabia's ability to absorb internal and external shocks while maintaining stability.

Flexibility was evident in managing economic and social projects, focusing on sustainable development and national identity. Economic growth was notable in mining, industry, tourism and new energy sectors, supported by digital transformation and AI. Cultural and heritage initiatives strengthened national pride, linking heritage with innovation. These developments indicate Saudi Arabia will continue to diversify its economy, attract investment and talent, lead in traditional and renewable energy and invest in cultural identity and innovation, ensuring resilience and sustainable growth in a rapidly changing global environment.

Recent developments indicate a significant transformation in Saudi Arabia's regional posture, marking a shift from reactive crisis management to proactive engagement. The kingdom has increasingly leveraged diplomacy, multilateral mediation, strategic partnerships and extensive humanitarian and development initiatives to create a more stable regional environment. This approach has reinvigorated momentum on the Palestinian issue and advanced political processes in complex theaters such as Syria, Sudan and Yemen, all while maintaining a calibrated balance between safeguarding national security

and fulfilling broader Arab and Islamic responsibilities. Saudi Arabia's policies now exemplify a model of measured, forward-looking diplomacy, integrating soft and hard power to reinforce political, security and economic stability across its regional milieu.

The kingdom has demonstrated an ability to address multiple crises concurrently, combining international mediation, economic support, humanitarian engagement and the strengthening of Arab stability partnerships. This has positioned Riyadh as a central actor in mediation efforts and in creating strategic, humanitarian and economic opportunities that respond to the region's rapid transformations. Looking ahead, Saudi Arabia is expected to continue consolidating this role by deepening Arab and international cooperation, enhancing flexible and rapid crisis management mechanisms and facilitating positive political transitions. Its approach increasingly situates the kingdom as a generator of opportunities that align with evolving regional dynamics.

On the international stage, Saudi Arabia has established itself as a balanced global actor capable of managing relations with major powers while simultaneously cultivating a diversified strategic network encompassing China,

Russia and India, without compromising its longstanding partnership with the United States. This is reflected in strengthened political, security, and economic cooperation, expanded technological and digital collaboration, and investment in institutionalized diplomacy for conflict resolution and mediation. By integrating humanitarian and relief initiatives into its foreign policy, Riyadh has reinforced its capacity to stabilize regional and international environments. Looking forward, the kingdom is poised to sustain a stabilizing and balancing role within the global system, emphasizing high-quality partnerships, the protection of national interests, and contributions toward a more equitable and sustainable international order that harmonizes security, development and humanitarian objectives. Collectively, these efforts reinforce Saudi Arabia's position as an influential actor shaping both regional stability and the global strategic landscape.

To conclude, the world under Trump's second term is witnessing rapid, exceptional developments and unconventional decisions, with widespread repercussions across political, economic, security and ideological fields. The United States is aggressively pursuing the consolidation of US supremacy and

hegemony, disregarding the established international order shaped since the end of World War II. Even longstanding pillars of US foreign policy, including values and principles, are being sidelined.

Under the “America First” banner, Trump aims to maximize US influence and shape a “new American century” free from competition. This approach intensifies global competition among major powers. China resists any diminishment of its accumulated power and dominance across multiple fields, while Russia similarly maintains its geopolitical ambitions, central to its international standing and influence.

While Trump may achieve temporary peace or stability through coercive mea-

sures, the sustainability of this peace remains fragile, dependent on its foundations and broader acceptance. Many of his initiatives have created only short-term, delicate outcomes, some of which have already failed.

This environment offers middle powers regional maneuvering space, but the costs are unpredictable due to Trump’s volatility and commercialized perspective on international relations. The geopolitical ambitions of regional states are therefore fueled and complicated, exacerbating conflicts in multiple theaters. In the Middle East, this includes Iran, Israel, Gaza, Iraq, Syria and Lebanon, with non-state actors and Hezbollah’s weapons as central factors. In the African and Red Sea regions, strategic

concerns include the Bab al-Mandab Strait and Nile Basin water security. In Central Asia and the Caucasus, ongoing strategic rivalries and corridor projects continue to shape the landscape. In the East and South China Seas and the Taiwan Strait, Sino-American competition dominates, while in Latin America, regional instability and strategic recalibrations are expected to continue.

Overall, in 2026, the world faces a complex matrix of conflicts, strategic competitions and fragile peacemaking efforts, where local and global tensions intersect, and middle powers must carefully navigate these pressures to preserve stability and advance their interests.

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