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# **America Dethroned? The U.S.A. in Decline? The Iran War: Implications for the Global South, for China’s Role in West Asia, and for the Remaking of the Regional Gulf Architecture**

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**Abstract:**

*Perhaps, of all of President Trump’s ill-advised and rashly thought through adventures and power grabs during Trump 2.0, the second illegal Israeli-US invasion of the Islamic Republic of Iran in less than a year which began on 28 February 2026 and has lasted, at the time of writing, over 105 days, will go down in US and global history as the most ill-conceived and bound to fail (in both its explicitly stated as well as non-stated objectives) from the start of what Trump termed an “excursion” to avoid obtaining US Congress approval for it which he knew would likely not have been forthcoming. As such, the US’ June conditional surrender on this was pre-ordained from the very beginning of this brutal and costly, inhumane misadventure, since the real folly was its very initiation.*

*The brutal war which resulted from the “excursion” has dominated global, West Asia, Israeli and US media headlines for over three months thus far. It has also been the US and Israeli misadventure of greatest global economic and political consequence not just in 2026 so far, but during Trump 2.0, even outstripping the global consequences of Trump’s ill-conceived and ongoing unilateral tariff wars.*

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*There is widespread consensus across the world that Iran has emerged as the winner of Round One whose outcome is captured in a 14-point Memorandum of Understanding (MOU) which was signed by the US and Iranian Presidents and the Prime Minister of Pakistan (in his capacity of lead moderator) on June 17, 2026. As a result, some conservative lawyers and others from the anti-Iran right in US think tanks such as the Cato Institute as well as similar hawks in the US Congress have now belatedly woken up and are saying that Congress needs to approve the oil sanction and other waivers given to Iran in the deal since those were approved by the US Congress.*

*Round Two was yet to begin in earnest at the time of writing. It is likely to be extended from the initial 60 days mentioned in the MOU and is also likely to be much more difficult and harder to reach agreement on by both sides since most of the substantive longstanding agenda has been postponed from Round One which largely focused on non-issues before the illegal invasion such as the re-opening and unblocking of the Strait of Hormuz by both sides.*

*Round Two is also likely to be the subject of sabotage by Israel in particular in its Lebanon aspects as has already been evident in the first few days after the MOU came into force. This has already delayed US Vice President Vance's trip to Geneva, Switzerland as a result of the chief Iranian negotiator, Speaker of the Iranian Parliament Mohammed Bagher Ghalibaf drawing a clear red line on Israel's continuing violations of the agreed ceasefire in Lebanon, clearly stating that Iran will refuse to participate in the second round of negotiations till Israel's violations of the MOU cease. While it now appears that the Round Two talks will now begin on 21 June in a picturesque Swiss mountain resort hotel outside Geneva, there are already a number of formidable and ominous shadows hanging above and around it. One of them is that Iran reportedly closed the Strait of Hormuz once again on June 20 in retaliation for Israel's continuing violations of the MOU in Lebanon.*

*The violations by Israel in the very first hours and days of the MOUs life do not provide confidence about the second round of negotiations. They will clearly not succeed unless President Trump brings Israel's entire leadership in line, not just Prime Minister Netanyahu. Only time will tell if that will be possible, given that continuing to illegally attack Lebanon is an existential issue for both Netanyahu and his far-right Cabinet members.*

*Notwithstanding what happens in Round Two, even Round One has many lessons for both the Global South as well as the Gulf States and their security architecture both immediately and for the medium to long-term. This paper will discuss both sets of issues.*

*The US misadventure and self-goal in Iran has provided yet another win in 2026 for China's ascent during Trump 2.0 just like the President's unilateral tariff war did in 2025. China's unwavering support for Iran during the war as well as the growing need for the Gulf States to find alternative sources of trade and support to the US and their fragile and unreliable Western alliance for the medium to long-term are both likely to increase the role and influence of China in both the Gulf and broader West Asian regions by allowing it to fill the vacuum that the dethroning of and resultant declining influence of the US in the region has created.*

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## **The Illegal Israeli-US “Excursion” into Iran**

The “excursion” was that only in name. This title was given by President Trump to a brutal, illegal, unilateral invasion of Iran by both the US and Israel to evade taking a proposal for war to the US Congress for decision. It was, in reality, a full-scale and brutal aerial war launched by the United States and Israel against Iran on 28 February 2026, under the name Operation Epic Fury. It was conceived as a quick, decisive, and historically unprecedented campaign. Instead, it has stretched more than 105 days so far. Both the geopolitical and geoeconomic atmosphere have remained deeply volatile even after an initial ceasefire was agreed on April 8 after 40 days of sustained combat.

The invasion's genesis can be traced back to the period between December 2025 and mid-February 2026 — during which, despite contrary advice from US intelligence agencies and many of his top loyalist advisers, including Vice-President JD Vance — President Donald Trump was bamboozled by the Israeli Prime Minister Benjamin Netanyahu and the Mossad intelligence agency into believing this would be a swift and conclusive victory, lasting only a few days. Both the January 2026 protestors against the Iranian regime (triggered by the economic crisis created in large part by US sanctions against the Iranian regime) and the proposed US arming of and open advocacy for the Iranian Kurds to insurrect, were supposed

to be the triggers for the overthrow of the Iranian regime--- with the two groups as the foot soldiers who would automatically rise up against the regime and overthrow it within a matter of days. Sadly, for Israel and the US, neither of these two very different groupings inside Iran took the bait. On the contrary, many Iranian protestors against the regime decided to put their nation before their grievances with their government and rallied around the nation and flag. As a result, Trump and Netanyahu were both caught off guard by this and by the speed and ferocity with which Iran began striking American military bases in the Gulf States and across the Middle East.

Opposition to the war also emerged rapidly within the US President's Make America Great Again (MAGA) coalition, led by prominent and visible members of it like Tucker Carlson and Marjorie Taylor Greene, as well as the broader US population. In March 2026, Joe Kent, Director of the US' National Counterterrorism Center, and a till then enthusiastic Trump supporter, resigned, stating that "Iran posed no imminent threat to the United States and that the war had been driven by pressure from Israel and its powerful American lobby."

### **Strategic Defeat of the United States and Israel**

The recent 14-point U.S.–Iran Memorandum of Understanding (MOU), signed by US President Trump at the Palace of Versailles in France on 17 June 2026 and President Pezeshkian of Iran in Teheran the same day, two days before the originally announced signing date of June 19 in Geneva, clearly indicates that Iran has won the first round of negotiations. Tehran secured substantial political and economic gains while the most difficult questions facing it—particularly those relating to its nuclear programme—were postponed to future talks. Yet, as already indicated, the agreement remains an interim framework arrangement rather than a final settlement.

Round Two is still to come, and it is likely to prove both more difficult and more crucial than the first for both sides. Israel had already violated the MOU multiple times in Lebanon in its first three days and Iran, in response, reportedly closed the Strait of Hormuz once again on June 20 citing US and Israeli violations of the deal and its Chief Negotiator refused to go to Geneva to meet the US Chief Negotiator for the second round of negotiations on June 19, when they were initially planned, although he was reportedly on the way to Geneva for the rescheduled June 21 round of talks and US Vice President JD Vance had already arrived in Switzerland in time for them after the

earlier postponement. The priority for the June 21 discussions will be the Lebanon truce and Tehran's nuclear program.

The Trump Administration had outlined the stated objectives of the Israel-US military campaign on February 28 when they jointly attacked Iran as: the destruction of Iran's nuclear facilities and missile capabilities, regime change and the severing of Iran's ties with its proxies in the Axis of Resistance, especially Hezbollah in Lebanon, but also ideally for them, the Houthis in Yemen, Hamas in Palestine, and affiliated militant groups in Iraq. Israel's ambitions went further still, seeking the Balkanisation of Iran and its permanent disarmament, so as to cement Israel's position as the sole regional hegemon in West Asia.

None of these objectives were achieved. On the contrary, the decapitation of Iran's leadership produced the opposite of its intended effect: it elevated a more hardline and hawkish generation of leaders. The killing of Ali Larijani, one of the last credible moderates within the regime, proved to be the final blow to the possibility of a reformist leader coming to power in Teheran.

The agreed MOU from the just concluded first round of negotiations clearly indicates that Iran has received commitments for war reparations — even though they are not called that, but structured as a \$300 billion reconstruction fund which the Gulf States and private investors will contribute to, not the US government using its taxpayers funds. Iran has also received an immediate waiver from the US Treasury for its oil and petroleum derivatives exports which some of those on the right in the US at the Cato Institute say the US President has no right to give (only the US Congress has that right they say). Iran, in the MOU, has also been promised the lifting of all US unilateral and UN Security Council and IAEA multilateral sanctions, together with a commitment to release all frozen Iranian assets, subject to certain conditions. No mention is made of either Iranian missile stockpiles or curbs on its proxies; instead, the MOU explicitly includes Lebanon in the 60-day extended ceasefire.

None of this is music to Israel's or Prime Minister Netanyahu's ears or his prospects of re-election in October this year.

In addition, the illegal invasion allowed Iran to discover that it already has a “nuclear weapon”: effective control over the Strait of Hormuz. The MOU essentially recognizes this by accepting that Iran and Oman will develop a joint management arrangement for

the Strait going forward to be put in place after the 60 days extended ceasefire period. This is likely to include service fees (not tolls) for transiting ships which could be designed in a manner consistent with international law. In effect, the Israel-US illegal invasion has handed Iran two new and lasting, indefinite forms of leverage — control of the Strait of Hormuz alongside the standing threat of missile strikes on US bases and critical energy infrastructure across the Gulf (UAE, Qatar, Kuwait, Bahrain, Saudi Arabia) and Jordan. It has already credibly demonstrated that it can sustain both these forms of leverage.

More broadly, Iran has offered a clear lesson to the Global South and beyond: standing up to Donald Trump can safeguard a nation's vital interests, while capitulation risks losing far more. NYU Associate Professor of Journalism Azadeh Moaveni, in a recent opinion essay for *The New York Times*, "How Tehran Won the World," expands on this important outcome of the illegal invasion of Iran, arguing that Iran's defiance has reignited global solidarity with Tehran and become, in the eyes of many, a symbol of necessary resistance.

In a profound irony, the war also effectively resolved Iran's succession crisis. Mojtaba Khamenei, a figure of enormous behind-the-scenes influence who had rarely appeared in public — became the Supreme Leader. According to those within Iran's corridors of power, several factors accelerated his rise: he had lost family members and was himself wounded in the strikes; he had served as an Islamic Revolutionary Guard Corps (IRGC) fighter during the Iran–Iraq War and maintained close ties with the IRGC; and the killing of Ali Khamenei was rapidly mythologised within Shia tradition, creating a Karbala-like narrative that lent Mojtaba's ascension an air of sacred legitimacy.

The war also triggered what Vali Nasr has likened to Iran's own "Gang of Four" moment — a consolidation of hardline power that has, for the foreseeable future, extinguished any prospect of a Deng Xiaoping-style opening. The conflict mobilised and unified the country to an unprecedented degree. Young Iranians, women and ethnic minorities rallied around the nation and flag; the simmering anger that had nearly boiled over during the January 2026 protests was effectively channelled outwards. When the United States attempted to re-arm the Kurdish minority as a proxy force, they declined.

The Iranian military, meanwhile, had developed and implemented the "Mosaic Defence" doctrine, a decentralised, resilient strategy designed to sustain operations even under catastrophic leadership losses. That is precisely how the Iranian regime began responding to the initial decapitation of its Supreme Leader, Ali Khamenei, and nearly forty military generals. The losses were immense, but Iran absorbed them. Unlike the twelve-day war of June 2025, this time Iran struck back swiftly and decisively.

The war has handed the Islamic Revolutionary Guard Corps (IRGC) unchecked authority. Unlike the older generation of Iranian leaders — including the previous Supreme Leader, who had advocated caution and strategic restraint, the new leadership appears to have concluded that restraint had only invited further attacks, territorial violations, and the assassination of senior officials. Their doctrine has shifted: strike hard enough to regain regional leverage. Political scientist John Mearsheimer has argued that the United States has already lost, or is losing, its conflict with Iran, describing it as a "colossal blunder" and a "Vietnam-style quagmire."

In a historically unprecedented turn, the world's sole superpower has found itself on the backfoot, bleeding its own imperial, armaments and financial capacities. Within the war's first three weeks, US military losses and repair costs were estimated at between \$1.4 billion and \$2.9 billion, according to a report by The Wall Street Journal. The overall cost of the war to the US so far is much larger, estimated by some as comprising short-term military operational costs of roughly \$2 billion a day, with upfront military expenses alone ranging between \$29 billion and \$113 billion.

Iran's closure of the Strait of Hormuz brought the global economy and its energy security architecture to its knees. Shortages of fertilisers and oil, combined with surging inflation, have already severely damaged global economic prospects. As a result, the Trump administration was compelled to both permit Iran to continue selling petroleum on international markets and provide a 30-day waiver on the purchase of Russian oil even during the war, because the alternative was a global economic catastrophe. Iran continued selling oil throughout the war; in the early weeks, it may have sold more than before, also benefiting from elevated prices driven by regional instability.

Meanwhile, the erratic, transactional nature of the Trump administration kept global oil, stock, bond and other markets in a state of sustained anxiety. The long-term

economic costs of the war to the US---including higher consumer food and gas prices, weapon replacements, and veteran's care are estimated to exceed \$1 trillion.

The United States' inability to reopen the Strait exposed the limits of American imperial overreach — a moment many analysts have compared to the Suez Canal Crisis of 1956, this time marking a potential low and turning point for American rather than British power. The war has simultaneously cemented Iran's status as a major regional power, with lasting consequences for the geopolitics of the Middle East.

### **The Gulf States Need to Rethink a Fatal Alliance**

*"It may be dangerous to be America's enemy, but to be America's friend is fatal." — Henry Kissinger, US Secretary of State, 1973–1977*

The Gulf monarchies are now grappling with the consequences of the US–Israel misadventure. Iran's Supreme Leader had reportedly anticipated that, as in the previous twelve-day war, he would be personally targeted — and this time, he reportedly sought martyrdom, knowing it would galvanise the nation. In parallel and in response, and as already stated, the Iranian military had developed and implemented the "Mosaic Defence" doctrine, a decentralised, resilient strategy designed to sustain operations even under catastrophic leadership losses.

The Gulf States depend on US military protection and the American bases stationed on their soil. Yet rather than serving as a shield, those bases became a liability. Iran struck them with devastating effectiveness, shattering the carefully cultivated image of the Gulf as an island of stability in a sea of regional chaos. Following Iranian strikes on UAE-linked sites, prominent Emirati academic and strategic thinker Dr. Abdulkhaleq Abdulla publicly called for a fundamental reassessment of the American military presence in the country, describing the US bases as having become a burden rather than a strategic asset. The Gulf monarchies have been forced to confront an uncomfortable truth: without a credible collective security architecture rooted in the region itself, business as usual is no longer viable.

### **When Empires Decline: Hard Power, Hubris, and the Iran Reckoning**

The decline of a superpower normally follows a predictable sequence: first its hard power erodes, then its soft power collapses, although in the case of Trump 2.0 a lot of the US' soft power had been squandered even before its hard power showed its limits in the Strait of

Hormuz and Iran. Hard power declines when a great power can no longer translate military might into desired political outcomes as in the current case when US hard power came up against real defiance and an effective response from Iran.

It can still inflict wanton destruction as it did on literally the first day of the illegal “excursion” in Minab on February 28 when 156 civilians were killed, including 126 schoolchildren by a missile strike on the Shajareh Tayyebah Elementary School. But it simply cannot win. This has been the story of American power in much of the post World War II 20<sup>th</sup> and 21st centuries, even in the Post-Cold War period when the United States stood alone as the world's sole hegemon, dominant in both hard and soft power, capable of dictating terms to friends and foes alike.

Since 1950, if the US’ outright losses and “non-wins” are objectively and factually assessed — with losses defined as failure to achieve the primary strategic objective(s) — America’s military scorecard makes for sobering reading. Korea (1950–1953) ended in stalemate, the U.S. finishing exactly where it started at the 38th Parallel via armistice rather than victory. Vietnam (1955–1975) was a definitive strategic loss: despite massive tactical superiority, Washington withdrew and Saigon fell in April 1975. Afghanistan (2001–2021) repeated the humiliation — twenty years, over two trillion US dollars, and the Taliban swept back to power within days of the American exit as if the entire enterprise had never happened. Iraq (2003–2011), sold on the manufactured and false pretext of weapons of mass destruction, toppled Saddam Hussein, but failed to deliver a stable pro-Western democracy. Instead, it led to sectarian carnage that ironically expanded the influence of the very power Washington sought to contain in West Asia: Iran. Then came Libya, where the international community invoked the Responsibility to Protect (R2P) — a doctrine adopted by the United Nations (UN) in 2005 and rooted in Francis Deng’s principle of sovereignty as responsibility — launching what was sold as humanitarian intervention but delivered a failed state. In practice, as critics across the Global South have long argued, R2P became a legal fig leaf for regime change in the case of Libya, a respectable-sounding cover for installing a government subservient to Western interests but even this did not result.

When the U.S. pulled out of Saigon in 1975 and Kabul in 2021, the humiliation was real. Yet paradoxically, none of these defeats broke the spell of American exceptionalism and invincibility for successive US Administrations while global perceptions of American might also survived intact, for three reasons:

First, the asymmetry of the adversary: America lost to decentralised insurgencies — the Viet Cong in jungles, the Taliban in mountains. Washington's spin held that no conventional superpower could be expected to defeat guerrillas indefinitely, leaving its core military prestige untouched.

Second, the narrative of choice: both defeats were successfully reframed not as military failures but as domestic political decisions — America didn't lose, it simply chose to leave, which implied its hard power remained fearsome and its will alone had wavered.

Third, the persistence of overwhelming might: even in defeat, the opening phases of every new intervention, including the latest Iran one, showcased Shock and Awe — the terrifying capacity to dismantle a sovereign state's military infrastructure within days — and that demonstration kept rivals compliant and allies obedient regardless of what came after.

The 2026 USA-Israel war with Iran has, however, demolished all three of these protective myths simultaneously. The joint U.S.-Israeli strikes of February 28, 2026 were massive — literally decapitating Iran's leadership and hammering its infrastructure — yet Iran absorbed the first strike and kept fighting, shattering the assumption that sufficient firepower produces political submission. Iranian retaliatory strikes then proactively penetrated American-built air defences, hitting U.S. bases and Gulf allies with devastating precision, visually and comprehensively destroying the image of an impenetrable American security umbrella that the entire Gulf States order rested upon. And by closing the Strait of Hormuz, Iran seized a form of global economic leverage no jungle or mountain guerilla insurgency could ever wield, compelling Washington into difficult Pakistani and Qatari-mediated negotiations that produced an MOU promising to reward Tehran with reconstruction funds, sanctions relief, and frozen asset releases — while leaving Iranian missile stockpiles and proxy networks untouched.

What had united all previous American misadventures was a structural condition: no one could help the victim. The hegemon acted with impunity because no countervailing force existed, consent was manufactured seamlessly, and Gulf monarchies and European powers fell into line. Iran has shattered that template — not only absorbing the blows but striking back aggressively, precisely, and at scale, while Washington this time didn't even attempt to build a coalition, leaving European allies unconsulted and the imperial adventure exposed for what it was: unilateral hubris dressed as strategic necessity. The bluff has been called. Past

defeats could be explained away. This one cannot. Iran did not just survive — it rewrote the rules of engagement, and every nation and the Global South as a whole was watching and has and continues to take careful notes.

## **America's Dethroning in West Asia is China's Potential Gain**

*"Never interrupt your enemy when he is making a mistake." — Sun Tzu, The Art of War*

Fifteen years ago, President Barack Obama declared that it was time to pivot away from the wars of the Middle East and redirect US focus towards Asia — specifically to counter the rise of China. Donald Trump, during his first presidency, continued that reorientation: he launched an economic war against China and, in 2017, introduced the "Free and Open Indo-Pacific" framework, announcing it in Vietnam. The Pentagon now appears to have effectively abandoned this terminology as of June 2026 but, in essence, it is an abandonment of the importance of India to the United States and Trump's growing engagement with President Xi of China. The Quad alliance, revived from dormancy by President Trump in 2017, that same year, appears unsurprisingly dormant once again as well in this larger context.

During his campaign for a second term in 2024, Trump repeatedly criticised his predecessors for dragging the United States into unnecessary, expensive, and bloody Middle Eastern and other wars. He promised peace, reindustrialisation, rising wages, and a focused effort to contain China's ascent.

Fifteen years after Obama's pivot, and more than two decades after its unilateral invasion of Iraq, the United States finds itself enmeshed in its biggest unprovoked war, and that too, in West Asia once again.

This strategic distraction provides Beijing with an extraordinary opportunity once again. China can continue building its economy, deepen its influence across West Asia, consolidate its hegemony in East and Southeast Asia and increase its threat posture vis-a-vis Taiwan, expand its reach in South Asia and fill the vacuums left by American overreach — in Afghanistan, across Africa, and increasingly in Europe. The war has not merely diverted American attention from the Asia-Pacific or Indo-Pacific region; it has laid bare the overextension of American military power and handed China leverage that no military campaign of Beijing's could have delivered.

China's position was already formidable before the first shot was fired. In 2024, China officially overtook the combined trade of the US, UK, and the Eurozone with the six Gulf Cooperation Council (GCC) countries for the first time. Total trade between China and the Gulf region reached \$257 billion, narrowly surpassing the \$256 billion recorded by the combined total of Western economies. This was a development described by Asia House as an "inflection point" in the deepening of economic, diplomatic, and commercial relationships between Beijing and the Gulf states. Chinese investment and construction activity in the Gulf has been substantial and sector-diversified, spanning logistics, infrastructure, digital technology, and the energy transition. Princeton researchers have documented China's growing role in the Gulf's solar surge, while CSIS analysis identifies Beijing as an essential partner in the Gulf States' energy transition strategies. These are not transactional relationships — they are embedded dependencies, built over years, that no single diplomatic initiative can replicate.

The Belt and Road Initiative (BRI) provides the structural and physical spine of this presence. BRI projects across the region include port modernisation in the UAE, industrial zones along Egypt's Suez Canal corridor, rail and telecom upgrades across Gulf and North African states, and engineering, procurement, and construction contracts executed by Chinese state-owned enterprises. Beyond their commercial returns, these projects embed Chinese firms in logistics, transport, and industrial networks, creating durable dependencies that extend influence well beyond any individual contract period.

The Israeli-US misadventure in Iran, has already, and will likely continue to consolidate and deepen Chinese influence in West Asia. The most consequential bilateral relationship activated by this war is the one between Beijing and Tehran. In March 2021, Iran and China signed a 25-year Comprehensive Strategic Partnership — covering economic activity from oil and mining to transportation, agricultural collaboration, and industrial development. For years, implementation remained limited, as Chinese companies' hesitancy stemming from US sanctions constrained actual capital deployment. The war has decisively changed that calculus. The 25-year agreement was always more architecture than action — a signal of strategic alignment rather than an operational partnership. What the conflict did was to *activate* it.

The most vivid demonstration came at the height of the US naval attempt to blockade the Strait of Hormuz: Chinese oil tankers continued operating, protected under the terms of the

Iran-China Comprehensive Strategic Partnership Treaty. That single fact — visible, documented, broadcast globally — transformed the agreement from a diplomatic document into a demonstrated deterrent. Every government watching took careful note of what a strategic partnership with China actually means in practice when things get rough and the shooting actually starts.

This also provided a sharp contrast to the Gulf States who felt largely abandoned by the US when Iranian missiles were targeting their energy and other infrastructure and depleting their defences to a point which required urgent replenishment from the US which was not forthcoming because the US prioritized Israel over them in the deployment of their limited and fast dwindling stock of defence equipment.

More broadly, China is already Iran's largest trading partner and the primary buyer of Iranian oil, with Chinese purchases accounting for between 80- 90 percent of Iran's exported oil — providing tens of billions of dollars equivalent in Chinese Yuan in annual revenue that supports Iran's government budget and defence activities. The post-ceasefire reconstruction now positions Beijing to consolidate that relationship across an entirely new domain.

The Geneva MOU commits the US to deliver approximately \$300 billion in reconstruction and economic development funds for Iran, primarily aimed at ending the disruption to global energy markets. The US says that this will not come from US taxpayer money but will be provided primarily by the Gulf States. This is, in effect, war reparation by another name and it is far from clear if either the governments or private sectors of the Gulf States who are expected to provide the bulk of these funds were either consulted or agreeable.

As Iran's most trusted, reliable and long-term trusted partner, it is in any case likely that China will be at the front of the queue when it comes to being awarded the contracts by Iran for the implementation of large scale reconstruction and infrastructure projects using the US guaranteed or at least promised funds from the Gulf States and others. China's state-owned enterprises will build the ports, roads, and digital infrastructure; its internet services will embed themselves in Iranian networks; its firms will enter the services and education sectors. The BRI's Iran corridor — a strategic overland bridge linking Central Asia to the Middle East and West Asia and onwards to European and African markets — makes this reconstruction a Chinese strategic interest as much as an Iranian imperative. The \$300 billion, if it actually is

delivered, will flow substantially through Chinese state-owned enterprises, embedding Beijing in Iran's post-war economic and civilizational order for generations to come.

## **The Future Security and Broader Architecture of the Gulf States**

The war and its outcome in Round One has forced a hard reckoning on the Gulf monarchies. American military bases in the region did not function as effective deterrents — instead, they became liability magnets for Iranian strikes. The lessons being drawn across the Gulf are that outsourcing security entirely to Washington carries unacceptable costs, and that the post-war security architecture of West Asia will need to be a shared one.

It is time that they go back to the longstanding UN advice and proposals which have advised on a security and economic architecture to de-escalate tensions in the Middle East and West Asia. The UN and Gulf Security and Economic Architecture have been deeply intertwined, with the UN historically serving as a critical platform for mediating regional disputes between the GCC, promoting sustainable development, and addressing the economic impacts of ongoing geopolitical impacts.

Oman and Iran have been in recent consultations with the appropriate parts of the UN on the future management architecture of the Strait of Hormuz in the context of the UN Convention of the Law of the Seas (UNCLOS) and international law, according to recent reliable sources available to the authors, even though Iran is not a party or signatory to UNCLOS. The Gulf States and the GCC, not just Oman and Iran, would therefore, be well advised to accept UN counsel on this very sensitive, future and potentially new and long-lasting arrangement.

All of the above reinforces the already existing conditions for China's most consequential strategic gain in the region. Gulf states that spent years deepening economic ties with Beijing will now consider diversifying their security relationships as well. This does not mean Chinese troops will replace American ones — Beijing's model has never been force projection of that kind. It merely means that China, already the Gulf's largest trading partner, already embedded in the region's critical infrastructure, and already a demonstrated reliable partner in the Iran relationship, is well and perhaps best positioned to become an indispensable interlocutor in whatever future, hopefully UN advised, regionally embedded Gulf security architecture emerges.

Ironically, China is also simultaneously projecting itself as a responsible player in the UN and other multilateral bodies and is well poised to fill some of the vacuum created by the US' departure from these bodies.

A post-war Middle East and West Asia region, in which Iran emerges as a significantly more powerful military, political and economic actor, which is now almost certain, will require security dialogue frameworks that include both Tehran and China. The latter, it should be recalled, brokered both the historic Iran–Saudi Arabia rapprochement in 2023 and played a significant role in consolidating Palestinian unity between its different factions in Beijing in the early days of the still ongoing Gaza genocide. As such, it has the credibility with many Gulf and broader West Asian States and entities and is, therefore, well-positioned to play such a role in this region.

In the larger global and regional context just discussed, it was both somewhat amusing and naïve that Donald Trump thanked both China and Russia for their neutral posture during the recent Iran centered West Asia crisis — a diplomatic courtesy that obscures a more consequential reality which his loyalist advisers and he may not totally understand. Both China and Russia demonstrated, in practice, that Iran could rely on them when it mattered. China, in particular, showed that its strategic partnership commitments carry operational weight: Chinese tankers kept moving, Chinese diplomatic back-channels stayed open, and Chinese reconstruction capital was pre-positioned to flow the moment the ceasefire held.

Beijing is now simultaneously positioned as mediator, financier, and infrastructure partner across the region — a combination of roles the United States once considered its exclusive domain. As the Chatham House analysis from May 2026 puts it: China will benefit from the Iran war regardless of any deal between Trump and Tehran.

Beijing's model is not security provision in the American sense. It does not need to station troops in the Gulf to shape outcomes in the Gulf. It prioritizes and silently obtains contracts in Riyadh, LNG agreements in Abu Dhabi, solar plants in the UAE, data centres in Neom (the first three letters, NEO, come from the ancient Greek prefix meaning "new". The fourth letter, M, stands for *Mustaqbal*---the Arabic word for "future" which also honors Crown Prince Mohammed bin Salman in Saudi Arabia--- tankers in the Strait of Hormuz, and a reconstruction budget in Tehran. As of mid- June 2026 when the MOU was signed, it already has a commanding head start in all these areas. Donald Trump and his “excursionary” illegal

war on Iran and the MOU have now handed Beijing an advantage that no military campaign started by it could have delivered. It did not fire a single shot. It did not need to.

As a senior anonymous Chinese official told a senior European Ambassador to China (who also wants to remain anonymous) soon after Trump 2.0 began, President Trump has been an unexpected gift from God for the People's Republic of China. His handling of his Iran misadventure on behalf of Israel has once again demonstrated this.

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