

## **The Geopolitical Triangle: Strategic, Economic, and Security Effects of the Israel-Iran-USA Conflict on Global Stability and Trade**

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The Israel-Iran-USA triangle has emerged as one of the most structurally consequential geopolitical formations of the contemporary international system, generating effects that extend far beyond the Middle East into global trade, energy security, maritime stability, and multipolar realignment. Drawing on balance of power and balance of threats frameworks, this paper examines the triangle's strategic, economic, and security dimensions through a qualitative analytical design supported by selected empirical indicators. The paper argues that the conflict has transcended indirect rivalry and proxy confrontation to become a self-reinforcing system of regional and global instability. Geopolitically, it has accelerated regional polarization, reshaped alliance behavior, and drawn in external powers including China, Russia, India, and Pakistan. Economically, it has exposed critical maritime chokepoints, intensified sanctions-driven fragmentation, advanced de-dollarization, and generated persistent energy market volatility. In security terms, it has deepened proxy warfare, eroded deterrence predictability, and elevated nuclear risk. The study concludes that the Israel-Iran-USA conflict constitutes a multidimensional conflict system whose regional and global consequences are structurally inseparable.

**Keywords:** *Israel-Iran-USA triangle, geopolitical rivalry, economic coercion, proxy warfare, nuclear risk, global trade and stability*

The Israel-Iran-USA triangle is one of the most systemically significant geopolitical formations of the current international system. Beyond being a diplomatic pact among three nations. It is an auto-reinforcing conflict mechanism, fueled by a mix of ideological animosity, strategic residual mistrust, sanctions regimes, proxy confrontation, nuclear anxiety, and great-power competition (Kamrava, 2018; Parsi, 2005; Rodman, 2013). The three countries' relationship is not a traditional regional confrontation but instead consistently produces impacts on maritime security, the global energy market, alliance politics and the overall struggle of international order.

The Israel-Iran relationship has historically not been necessarily adversarial. In Pahlavi period there was a level of strategic pragmatism between the two states (Parsi, 2005; Menashri, 2006). This relationship was completely changed with the outcome of the Islamic Revolution of 1979, when Iran took an ideologically new stance against Israel and the United States (Buonomo, 2018; Ben Aharon, 2024). These divisions were

compounded when Iran's regional aspirations, Israel's nuclear and missile concerns, and America's strategic commitments were fundamentally at odds with each other following the Cold War reordering and the 1991 Persian Gulf war (Kamrava, 2018; Yossef, 2021). This history is significant because it proves that today's opposition is not a given, is the result of certain ideological and systemic changes.

The present-day aspect of this triangle is getting a qualitatively dangerous look. The U.S. withdrawal from the JCPOA in 2018 has removed the main diplomatic tool limiting Iran's nuclear program, further applied coercive pressure, and reduced opportunities for de-escalation (Azad, 2023). The escalation cycles of 2024-2025, which featured direct missile exchanges, proxy confrontations and maritime tensions, have also indicated that the triangle is at a tipping point with less predictable deterrence and structural conflict spillover (Bagheri Dolatabadi, 2025; Popalzay et al., 2025).

This conflict has implications in three related areas. In economic terms, the uncertainties in the Strait of Hormuz, the Red Sea and Bab-el-Mandeb create impediments to global trade, increase trade insurance premiums and fuel the volatility of energy prices (Azad, 2023; Saraswat, 2024). Iran's move toward shadow trade and increased ties with China mirrors Russia's strategies for sanctions evasion and likely indicates a breakup in the current system of economic order (Bajoghli et al., 2024; Bazoobandi, 2024). Strategically, the conflict has accelerated Sunni-Arab-Israeli convergence while drawing in external powers including China, Russia, India through the Chabahar port, and Pakistan through its Belt and Road commitments. The combination of Iran's proxy networks, Israel's prevention doctrine and U.S. military empowerment are what create a "layered escalation architecture" that embeds regional conflict globally (Akbarzadeh & Naeni, 2025; Eisenstadt, 2025; Khan et al., 2025).

Perhaps rich but fragmented across disciplines, it has not yet been sufficiently taken up by the existing scholarship as a conflict system integrated across the three dimensions. This paper aims to answer three research questions based on the balance of power and balance of threats theories (Waltz, 1979; Walt, 1987): How has the conflict affected the regional and global power distributions? In what ways does it interfere with trade, energy markets and sanctions regimes? What are its implications for security, including in terms of proxy warfare and nuclear risk? This paper will address these questions, offering an integrated analysis of regional rivalry, economic coercion and security escalation as modalities that intersect to engender structural instability in the contemporary international system.

## Literature Review

In the last 20 years, a lot of scholarship has been produced about the Israel-Iran-USA triangle, but it is analytically disjointed. Although there have been some good studies concerning the historical, strategic, economic, and security aspects of the conflict, the emphasis is seldom placed on these aspects as components of a whole geopolitical apparatus. The literature can be divided into four thematic strands: historical and strategic studies of Israel-Iran relations and U.S. involvement; sanctions and economic coercion and its literature; security literature on proxy warfare, deterrence, drones and nuclear risk; multipolarity, external actors and regional realignment. These three threads intertwine and offer a solid foundation, but they also reveal a major missing link — the lack of a holistic approach to the triangle that views it as a comprehensive conflict system with implications for regional stability, global commerce, and international governance (Kamrava, 2018; Bazoobandi, 2024; Popalzay et al., 2025).

## Strand One: Historical and Strategic Foundations

The first strand focuses on a historical and ideological analysis of the triangle. One of the most important contributions of this literature is the challenge to the notion that Israeli-Iranian enmity is unchanging, or even inevitable. Despite this, Israel and Iran during the Pahlavi period continued to have a measure of strategic pragmatism along the lines of peripheral alignment logic as has been described by Parsi (2005), Menashri (2006) and Rodman (2013). The final tipping point was the 1979 Islamic Revolution, which made Israel and the U.S. two of the main targets of Iran's foreign policy stance (Buonomo, 2018; Ben Aharon, 2024). These cleavages have been further solidified by the regional reconfiguration that occurred after 1991 when the regional ambitions of Iran, America's alliance commitments, and Israel's threat perceptions have become

structurally incompatible (Yossef, 2021; Kamrava, 2018). The totality of this work already sets up the fact that the current set up is historically contingent and thus also analytically open to change, which is dictated by certain political developments. It is, however, in the main concerned with bilateral relations, and it does not engage systematically with the evolution of the triangle in terms of U.S. policy documents, military doctrines, and official state positions, a topic the current study hopes to rectify.

### **Strand Two: Sanctions, Economic Coercion, and Fragmented Interdependence**

The second strand focuses on sanctions as tools of strategic coercion and on their wider economic impact. Newer scholarship on sanctions goes beyond the understanding of sanctions as a diplomatic instrument with short-term implications and instead considers them a means of altering state behavior, domestic political economies and international trade orientations (Bajoghli et al., 2024; Khoshnood, 2019). Importantly, this literature questions the implicit notion that economic pressure will lead to strategic moderation. The long-term effects of sanctions, as seen in the case of Iran, are likely to strengthen hard-liner rule, security-driven economic policies and institutional resilience against sanctions, not compliance (Abbasi, 2025; Rahimi & Rezaei, 2025; Sohrabi, 2018). In response, Iran has developed alternative economic arrangements, such as barter deals, shadow shipping, informal trade networks, and strengthened ties with non-Western actors, including China (Azad, 2023; Bazoobandi, 2024). Notably, this is not something unique to Iran. In fact, the extensive usage of the sanction evasion mechanisms since the Ukraine conflict in Russia is illustrative of Iran's adaptation mechanisms, which means there is a more general pattern of fragmented interdependence and de-dollarization (Grajewski, 2023) that the Israel-Iran-USA triangle is actively facilitating. The literature in this way relates the triangle to the more general issues of the decline of the western economic order, and this deserves more attention.

### **Strand Three: Security Dynamics — Deterrence, Proxy Warfare, and Nuclear Risk**

The third strand looks at the triangle's security architecture. Iranian security strategy scholarship argues that Tehran's approach to conventional military weaknesses is to foster a forward-defense doctrine that relies on armed non-state networks, precision missile systems, drone operations, and geographically dispersed theatres of confrontation (Akbarzadeh & Naeni, 2025). In addition to being proxies, Hezbollah, Hamas, the Houthis, and allied groups in Iraq and Syria are also part of a distributed deterrence mechanism that enhances Iran's strategic depth and makes its potential response to any military attack an intricate affair (Saraswat, 2024; Şimşek, 2025). By contrast, Israeli security doctrine is based on preemption, intelligence supremacy, and precision strike capability that enables it to thwart threats before they become intolerable (Yossef, 2021; Eisenstadt, 2025). The U.S. is both a stabilizing force, providing military aid to help Israel maintain deterrence, and a destabilizing force because of its role in making Iran feel cornered in terms of its strategic interests (Bahgat & Ehteshami, 2017; Heiran-Nia, 2025). Analysts broadly concur that Iran's developing enrichment capabilities raise a destabilising atmosphere which makes the arguments for preventive military action more plausible. However, there is disagreement about their effectiveness; such strikes could set back Iran's capabilities, but could also harden the nuclear resolve of Tehran, setting an end to diplomacy and leading to a multi-theatre response (Eisenstadt, 2025; Bagheri Dolatabadi, 2025).

### **Strand Four: Multipolarity, External Actors, and Regional Realignment**

The fourth strand places the triangle in the context of wider regional and global order change. As stated by Kamrava (2018), multipolarity, ideological polarization and fragility of the state in the Middle East are inherent to the region's instability. More recent works continue the argument by emphasizing the role of China, Russia, and key Gulf states (the UAE, Qatar and Saudi Arabia) whose views have a significant impact on the geopolitical environment of the triangle (Grajewski, 2023; Bazoobandi, 2024). China's involvement is mainly economic with its interests focused on energy trading transactions and sanction evasion, and Russia's involvement is more strategically and diplomatically oriented with overarching resistance to West. Significant too is the literature reference to the participation of neighboring regional actors: India's tenancy of the Iranian port of Chabahar is an indication of strategic interest in Iranian connectivity, while Pakistan's role, as both a potential mediator and a country tightly coupled with China's Belt and Road Initiative, introduces another dimension to the triangle's regional implications (Yitzhak, 2026). The Sunni-Israeli convergence has also been

illustrated by studies, which have showed that the Iranian threat has brought new formulae of coordination between Israel and the Arab States, thereby changing the political picture fundamentally in the region.

### **Identifying the Gap**

The literature, at the same time, is both full and disjointed. While each strand offers a powerful light on one aspect of the triangle, none sees the triangle as a conflict system in and of itself. This paper examines how strategic, economic, and security dynamics conspire in the triangle to create cumulative instability, not only in the Middle East, but throughout the structure of the international system as it exists today, by adopting a balance of power and balance of threats perspective (Waltz, 1979; Walt, 1987).

### **Method**

This paper uses a qualitative analytical research design which is based on a systematic review of current literature with some quantitative indicators. The goal is not to create a statistical model of the Israel-Iran-USA conflict, but to produce an integrated analytical account of the conflict's strategic, economic and security dimensions that catalyze the instability in the region and globally. The complexity and historical connections of this triangle require a qualitative analysis that can look at threat perceptions, ideological narratives, alliance behaviors, sanctions dynamics, proxy warfare and escalation patterns in a single analysis.

### **Theoretical Framework**

The study has its theoretical foundations in two complementing theoretical perspectives in the paradigmatic tradition of the International Relations theory. The argument has a structural basis in the balance of power theory (Waltz, 1979) and is used to explain the formation of alliances, deterrence considerations, and competitive behavior as a function of the distribution of capabilities between Israel, Iran, and the United States. Incorporating perceptions of threat as geographic proximity, offensive capability, and aggressive intent makes this analysis more sophisticated as represented by the balance of threats theory (Walt, 1987), which uses these perceptions as independent variables. These frameworks, in combination, allow the paper to transcend the material capability and to consider the influence of ideology, strategic signaling or encirclement upon the dynamics of the triangle.

### **Analytical Design**

Thematic and comparative approach of analysis is used in the study. It does not look at Israel, Iran and the United States as individual players, but rather as a “triadic geopolitical system” defined by historical antagonism, coercive diplomacy, proxy networks, nuclear ambiguity and changing great-power alignments. The analysis takes place in 3 stages.

First, thematic analysis highlights patterns throughout literature and these have been identified in three main dimensions which correspond to the three structural aspects of the paper: geopolitical rivalry, economic disruption and security escalation. Some of the sub-themes are alliance building, sanctions resistance, maritime choke points, multi-polar competition, nuclear proliferation, and proxy warfare.

Second, discourse-oriented interpretation focuses on the ways in which threat, legitimacy and strategic necessity are represented by key actors by way of official state documents, policy statements, military doctrines and political rhetoric. This is analytically necessary – perceptions and ideological narratives are as influential as material capacities in determining conflict behavior. The analysis is based, where appropriate, on primary sources such as U.S. Treasury designations of sanctions, International Atomic Energy Agency (IAEA) reports on Tehran's nuclear program, and official correspondence between Israel and Iran, not just on secondary interpretations thereof.

Third, there is longitudinal comparison of structural changes in the triangle over three important junctures: the strategic pragmatic period prior to 1979, the post-JCPOA period of maximum pressure from 2018 onward and the direct confrontation cycle of 2024-2025.

### **Role of Quantitative Indicators**

The study is rather a qualitative study but with quantitative indicators used in a contextualizing manner. They include oil price volatility data on the escalation periods, shipping disruption data at Red Sea and Strait of Hormuz, trade exposure metrics and documented military expenditure trends. These indicators do not undergo formal statistical testing, but support the conclusion that conflict has real-world implications, and measurable ones, that go far beyond the battle itself.

### **Limitations**

The study does not address classified intelligence or diplomatic correspondence but is made up of documents that are available to the public. In view of the fluid situation of the war, some events may be subject to further analysis. However, the method is appropriate for the central focus of the study: a regional conflict system and a structural instability mechanism in the modern global order, the Israel-Iran-USA triangle.

## **Geopolitical Impacts of the Israel-Iran-USA Conflict**

### **Strategic Alliances and Rivalries: Reconfiguring Regional Power**

The Israel-Iran-USA triangle is today the most structurally significant geopolitical fault line in the modern Middle East. It is not just because there are three strong players who are at odds with each other, but because this antagonism is constantly reinventing regional balances, evolving patterns of threats and turning local issues into systemic threats to deterrence and international order. Historically, it was handled in the shadows with “diplomatic signaling” and “proxy confrontation” but has increasingly erupted in an open military confrontation. The 2024-2025 escalation cycle of direct missile attacks, assassinations and multi-theatre proxy escalation proved that this triangle could no longer be considered a manageable regional confrontation. It has now expanded to a more comprehensive geopolitical framework that has tangible impacts on the behavior of allies, the credibility of deterrence, and regional stability (Bagheri Dolatabadi, 2025; Popalzay et al., 2025).

The threat logic for each actor is unique, and there is no way to structurally make de-escalation easier. Israel sees Iran as a "systemic existential threat," due to its nuclear ambitions, long-range missile potential, and its network of armed non-state allies on Israel's borders. For Iran, on the other hand, the U.S.-Israeli relationship is, indeed, an “architecture of encirclement,” aiming to contain Iranian influence in the region, and to limit its strategic autonomy. The United States, paradoxically, has created an escalating security dilemma this way, both by virtue of its military aid to Israel and the magnification of Iranian threat perceptions as well as by its maximum pressure policy reducing the room for diplomatic resolution (Ahmed et al., 2024; Heiran-Nia, 2025; Eisenstadt, 2025).

### **Regional Political Reordering: The Fragmentation of the Middle East**

The triangle has driven a faster reconfiguration and polarization of the Middle East region. The war has intensified ideologies, sectarianism, and strategic rivalries in Lebanon, Syria, Iraq, Yemen, Gaza, and the Gulf. Iran's forward-defense doctrine, which involves arming, training and directing non-state actors in various fronts, has greatly expanded Tehran's strategic footprint and has engendered insecurity among U.S.-aligned Arab states, which has prompted various types of selective alignment, strategic hedging and transactional cooperation.

The biggest realignment took place when Israel and some of the important Sunni Arab countries began to eye each other with mutual interest, with Iran's expanding influence in the region serving as a common interest. The UAE and Bahrain's normalization deal with Israel under the Abraham Accords, Saudi Arabia's considered, but substantive, security agreement and Qatar's ambivalent-to-mediating role as a hedge actor all exemplify how the threat of Iran has reshaped Arab political calculations (Yitzhak, 2026). Jordan's current mediator status also exemplifies how middle powers are starting to take more initiative in a new multipolar regional landscape. This realignment has had its price: Palestinian issues have steadily been pushed to the fringes of Arab strategic thinking, put in the service of balancing anti-Iranian policies. At the same time, fragile states such as Lebanon, Syria, Iraq, and Yemen have turned into the permanent theatre of geopolitical

contention that is marked by the fight of hybrid warfare, the erosion of institutions, and chronic instability (Popalzay et al., 2025).

### **The United States and the Limits of External Balancing**

The United States continues to be the most powerful external player in that of the triangle, but it has its own inherent paradoxes as a stabilizing force and destabilizing factor. Washington's full package of assistance to Israel, including arms, intelligence, diplomatic protection and strategic reassurance, maintains Israeli military superiority, and is essential to regional deterrence. Meanwhile, U.S. policy since the withdrawal from the 2018 JCPOA has concomitantly shut diplomatic doors, intensified Iran's strategic stance, and intensified Tehran's embrace of asymmetric arms and non-Western alliances (Heiran-Nia, 2025).

This paradox is epitomized in the maximum pressure campaign since 2018. While it was intended to drive Iran's economy into a corner and force strategic concessions, it instead strengthened the political position of the hard-liners of Iran, encouraged more cooperation with China and Russia and it increased the scope of Iran's proxy network. The 2024-2025 direct confrontation cycle clearly and definitively proved that direct military exchanges do not guarantee "controlled escalation" with the leverage of the American influence. But here power is not primarily an ordering force, it is a structural accelerant, making a war it can't completely manage more intensely.

### **From Regional Rivalry to Global Geopolitical Competition**

The triangle has now become an indelible part of the global power balance transformation. At the same time, China and Russia have tightened their strategic ties with Iran, in the face of increasing tensions with the West. The main role of China is economic, focusing on energy trade, sanctions circumvention, and financial connectivity; the main role of Russia is strategically and diplomatically oriented, united by a common interest in contesting the security architecture led by the West (Grajewski, 2023; Bazoobandi, 2024). In addition to these great powers, regional players have also become involved in triangles. They are driven by India's strategic interest in bypassing Pakistan and gaining access to markets in Central Asia, and Pakistan's strong involvement in China's Belt and Road Initiative as a significant, albeit little-known, player in the geopolitical game of the three-way triangle (Yitzhak, 2026). Thus, the war has ceased to be a regional affair between the Middle East, but rather an active battlefield in the politics of global political, economic and security building.

### **Geopolitical Implications for Regional and Global Stability**

The general geopolitical message is quite clear: the Israel-Iran-USA triangle no longer exists as a manageable regional conflict, but as a structural source of global instabilities. The shift from indirect proxy confrontation to direct engagement, as was attempted in June 2025, has seriously undermined the premise that such conflicts in the triangle would be amenable to indirect measures. Now, the triangle does not yield episodes of crisis, but persistent structural insecurity, which has ripple effects on the cohesion of alliances, maritime security, energy market stability and the direction of multipolar great-power competition. The triangle is a fundamental driving force in any serious analytical discussion of the future of international order.

### **Economic Effects of the Israel-Iran-USA Conflict**

#### **Trade Routes, Maritime Vulnerability, and the Globalization of Regional Risk**

The economic aspects of the Israel-Iran-USA conflict are in its potential to escalate the military threat from the region to become a systemic threat to the global economy. It has repercussions beyond just the domestic economies of the three key players, impacting maritime trade routes, global energy markets, insurance prices, sanctions frameworks, investor confidence, and international supply chain figures. War takes place in a space between the economic and the security, with the decisions made in both domains, from uncertainty in the market to military signaling and coercive diplomacy, coming to reinforce each other in a self-propelling spiral of instability.

Three key maritime choke points are at the heart of this vulnerability: the Strait of Hormuz, the Red Sea, and the Bab-el-Mandeb. Together these waterways handle around a third of the international shipping of oil and large amounts of container shipping. In 2024 alone, commercial vessels have been targeted with

Houthi missile and drone attacks, impacting major shipping lines in the Red Sea, which have been rerouting around the Cape of Good Hope, with shipping times estimated to increase by 10-14 days and freight costs by more than 200 percent on some Asia to Europe shipping routes (Saraswat, 2024). Most importantly, the conflict does not have to take place for these routes to have an economic impact: the mere threat that they might escalate is enough to change the dynamics of the market, raise the price of war risk insurance and increase constant uncertainty in the global trade environment (Bagheri Dolatabadi, 2025; Popalzay et al., 2025).

### **Sanctions, Economic Coercion, and Fragmented Interdependence**

After U.S. withdrawal from the JCPOA in 2018 and comprehensive sanctions were reestablished, economic coercion has been serving as a long-term strategic attrition mechanism in addition to a diplomatic tool. U.S. Treasury sanctions designations have increasingly cut off Iran's ability to use formal international banking, dollar-denominated trading and access to western capital markets, forcing Tehran to invest in parallel economic infrastructure through informal trade, shadow shipping fleets, barter and transactions using cryptocurrency (Azad, 2023; Bazoobandi, 2024).

The central paradox of this strategy is well-documented: sanctions have caused severe humanitarian and macroeconomic damages to Iranian society: Iran's rial has lost more than 60 per cent of its value since 2018; the inflation rate soared to above 40 per cent; and poverty rates have increased significantly (Abbasi, 2025; Rahimi and Rezaei 2025). However, the continuation of economic pressure has left hard-line political narratives intact, further securitized Iran's economic governance, and hastened its institutional coping with external pressure. Key, Iran's actions mirror the ones taken by Russia in the wake of the 2022 sanctions and both examples display a common dynamic: sanctions facilitate the pullout of sanctioned countries from the mainstream of the Western-led economic order, and push them into other circuits of trade, finance and strategic affiliation — thereby sowing the very seeds of the fragmentation that sanctions aim to prevent (Grajewski, 2023).

### **Energy Markets and the Political Economy of Escalation**

The triangle exerts influence on global energy markets through both material disruption and psychological pressure. Geopolitical risk from the war manifests as oil price volatility: the risk that infrastructure will be targeted, that transit will be interrupted, that a regional war will escalate. The direct war between Iran and Israel in June 2025 resulted in the immediate increase of the Brent crude price by 12% due to the vulnerability of the Strait of Hormuz and Iran's export continuity (Bagheri Dolatabadi, 2025). Even if there is no actual disruption, the conflict helps to maintain a structural risk premium in energy prices, that is, a permanent tax on the global economy caused by geopolitical turmoil.

The fact that Iran has been able to continue exporting a respectable amount of oil in 2024, with an estimated 1.5 million bpd sold mainly to China via a series of shadow tanker sales, further demonstrates how sanctions have created a more fractured global oil market (Bazoobandi, 2024). This bifurcation undermines the repressive force of sanctions and establishes alternative energy pricing mechanisms which over time will corrode the unity of economic pressures organized by the west.

### **Asymmetric Economic Resilience**

The conflict is a burden both for Iran and Israel, with fundamental differences between the two countries' economic resilience mechanisms. Iran's chance for economic survival is based on import substitution, orientation toward the domestic market, state-guided resource allocation and extensive diversification of non-Western trade. High-tech, strong institutions, close ties to the international innovation system and strong external security support are some of the determinants of Israel's resilience. But there are escalating long-term costs for both. The real issue for Iran is not if sanctions inflict economic harm, which they clearly do, but if that harm forces strategic concessions. There is always evidence that indicates it does not. For a technologically sophisticated and globally integrated Israeli economy, the cumulative costs of ongoing conflict are considerable, as a result of increased military spending, reduced foreign direct investment, and systematic diversion of human and financial resources into security issues.

### **De-Dollarization, External Realignment, and the Restructuring of Global Economic Order**

A structural challenge to the dollar-denominated international economic order is the continued growth of Iran (and now Russia) into a non-Western financial and trading system. The growing trend of Iran-China bilateral trade to be paid in the yuan and other payment channels is not a sign of commercial preference but rather strategic maneuvering as a result of decades of Western economic embargoes (Grajewski, 2023; Bazoobandi, 2024). The more sanctions take hold as a pillar of U.S. foreign policy, the stronger becomes the impetus for non-Western suppliers to build a more self-reliant financial system that is not dollar dependent. The Israel-Iran-USA triangle is thus far from being just a regional battle with side effects on the economy — it is an active force driving de-dollarization and the disintegration of the liberal economic order that emerged after the Second World War.

### **Future Economic Pathways**

The long-term economic impacts of the triangle will depend more on whether the war is turned into a risk structure that cannot be turned off, than on immediate market fluctuations. If the direct confrontation continues or escalates – which is likely – the consequences will not be a fleeting spoiling of the control environment, but rather a continued increase in risk premiums in trade, energy, in shipping and in the region in general for the foreseeable future. However, in order to ensure economic stabilization as a means to sustainable development, a holistic approach to confronting military escalation must be complemented by an action plan to overcome the structural impediments to economic development – the architecture of sanctions, financial exclusion, energy politicization and maritime insecurity. In the absence of such a comprehensive approach the temporary restraint will be inadequate to break the economic base of chronic instability.

### **Security Impacts of the Israel-Iran-USA Conflict**

#### **Security Competition, Deterrence Failure, and the Escalation of Regional Conflict**

What we are seeing in the security dynamics of the Israel-Iran-USA triangle is qualitatively different from the days of "managed indirect confrontation. This new phase is not only characterized by increased tensions, but also by the erosion of the structural predictability of deterrence that the situation in the region has evolved on to date. What we see is that in today's triangle, conventional asymmetry, proxy warfare, great-power involvement and advanced missile and drone capabilities, and nuclear ambiguity are all woven together in a single-conflict architecture. It is a system of security that makes escalation too possible, and where all the elements that are usually used to make escalation less likely—credible deterrence, clear red lines, and effective crisis communication—have been eroded over time.

This shift was clearly evident during the 2024-2025 escalation cycle. The flashpoints of Gaza, southern Lebanon, Syria, Iraq, the Red Sea and Iranian nuclear facilities can no longer be seen as isolated theaters of war. They are kind of nodes in a networked escalation architecture, where actions in one domain trigger calculated or miscalculated reactions in other domains (Bagheri Dolatabadi, 2025; Popalzay et al., 2025). This connectedness significantly increases the chances of miscalculation, strains crisis management capacities and makes a controlled signaling paradigm at the heart of classical deterrence theory increasingly uncertain.

### **Military Doctrines and the Logic of Strategic Asymmetry**

The three actors are guided by essentially incompatible security logics, and it is here that lies the difficulty of stabilizing the triangle. Preemption, air defense dominance, precision strike capability and layered air defense are the cornerstones of Israel's military doctrine. Israeli security policy is, by nature, anticipatory, based on the premise of the Begin Doctrine, which holds that Israel would not allow a hostile state to get close to acquiring weapons of mass destruction (Yossef, 2021; Eisenstadt, 2025). The doctrine was most evident in the way Israel conducted in a series of operations against Hezbollah's weapons infrastructure in Lebanon, and the 2024 strikes against Iranian territory.

The United States serves as an offshore balancer, strategic enabler and final guarantor of Israel's military superiority. Advanced weapons transfers (such as providing GBU-57 bunker-buster munitions and THAAD missile defense systems), intelligence sharing, forward force projection, and diplomatic support in multilateral fora are all part of Washington's reinforcement of Israeli deterrence. However, this assistance also

has a strategic contradiction: it may be intended to deter regional escalation, but it also gives Tehran the sense of being surrounded and adds to its security dilemma and may paradoxically lead to escalation (Bahgat & Ehteshami, 2017; Heiran-Nia, 2025).

It is a matter of distributed deterrence that Iran assumes as a security logic. Confronted by Israel and the United States, Tehran is incapable of competing in conventional military power and has adopted an asymmetric strategy with the intention of forcing adversaries considering a direct confrontation to pay a price they will not be able to afford. The three pillars of this posture are: Iran's precision missile force, deployed on various bases across the Middle East, Indigenous drone warfare capability that has been combat-tested in multiple theaters, Armed non-state allies that spread Iran's retaliatory reach from the Mediterranean to the Arabian Sea (Akbarzadeh & Naeni, 2025; Şimşek, 2025). It is not a winning architecture; it is one that makes a conventional war so expensive that it is not worth fighting.

### **Proxy Warfare and the Regionalization of Insecurity**

The most durable and impactful security arm of the triangle is Iran's proxy network, and that includes Hezbollah in Lebanon, Hamas in Gaza, the Houthis in Yemen and the associated armed groups in Iraq and Syria. These actors give Tehran the opportunity to externalize confrontation, achieve plausible deniability and to play the strategic game at lower risk levels. But the war by proxy has repercussions that go beyond the Iranian strategic equation. It undermines state sovereignty in weak host states, weakens institutional unity, and expands the number of actors that can escalate violence without the formal consent of the state (Saraswat, 2024; Şimşek, 2025).

The Red Sea crisis is a case in point. The Houthi banner of solidarity with Gaza quickly turned into a significant disruption of global maritime trade that had to be met with multinational naval force deployments and resulted in over 2,000 vessel diversions around the Cape of Good Hope. What this episode illustrates is that proxy actors inserted in the conflict structure of the triangle can have global-scale Security/Economic consequences which are by-products of the desire of their state sponsors.

### **Nuclear Risk and the Politics of Preventive Action**

The worst long-term security threat looming in the triangle is the nuclear aspect. With uranium now enriched to 60 percent purity and stockpiles that in 2024 were deemed by the IAEA to be "enough" for multiple nuclear devices if enriched further, Iran's growing enrichment program has turned nuclear latency into a major factor that undermines regional security calculations. What matters is not whether Iran has reached the threshold to develop weapons but whether it is clearly believed to be doing so, which would, according to Eisenstadt (2025) and Heiran-Nia (2025), justify a preemptive military strike.

Logically, it is an imperative for Israel: to prevent. Operationally, it is dangerous. Preventive strikes are likely to short-term damage the nuclear capabilities of Iran but the June 2025 escalation proved that any military action of significance against Iran's nuclear infrastructure would be answered with immediate response at multiple-levels – missile barrages, proxy activation and maritime confrontation – that soon escalates beyond the scope of the initial strike (Bagheri Dolatabadi, 2025). The nuclear problem is therefore a security dilemma because if it is not acted upon, there is a risk of Iran weaponizing, but if there is action, there is a risk of an uncontrollable regional war.

### **The Internationalization of the Security Crisis**

The war has increasingly extricated itself from the security dynamics of Middle East and became an integral part of the great power rivalry system. The UN Security Council's historical inability to come up with binding resolutions to manage crises, due to Russian and Chinese vetoes, has removed the main multilateral system of de-escalation. Both Russia and China have used Iran's strategic isolation to serve their own ends: Russia by selling arms and providing diplomatic protection, and China by selling energy and providing financial cooperation (Grajewski, 2023; Bazoobandi, 2024). The outcome is a conflict which is both regionally immediate and structurally extricating for the major powers; one in which the major powers are players, not referees.

### **Alliance Structures and the Emerging Security Order**

The triangle is surrounded by a security order which has been shaped by the struggle of two fundamentally conflicting alliance models. There is the U.S.-Israel axis, which provides technological superiority, diplomatic legitimacy and institutional coordination through formal and semi-formal security commitments made to key Gulf partners, such as Saudi Arabia and the UAE. Signed alliances and outside support, all armed, but less tightly organized and operationally flexible, offer flexibility, distributed risk, and strategic reach for Iran. Precisely, the triangle has proven to be resistant to stabilization, with the incompleteness between these two models, deterrence and alliance management, on the one hand, and asymmetric pressure and denial, on the other, the underlying explanation. But it is not a security order based on equilibrium, it is a system of layered confrontations whose escalation management is permanently disputed and whose crisis resolution is structurally lacking.

### **Conclusion**

The Israel-Iran-USA triangle has become one of the more structurally significant geopolitical configurations in the international system today. As this paper has illustrated its significance is not just in terms of the intensity of local aggression, but in the interaction between strategic competition, economic coercion, and compounding security dilemmas, and the resultant self-reinforcing architecture of instability an effect that now radiates well beyond the geographical confines of the Middle East into the realities of global trade, energy security, deterrence politics, and multipolar realignment.

Geopolitically, the triangle has fundamentally broken-down older notions of the manageability of indirect conflict. All three, Israel's preemption doctrine, Iran's distributed deterrence and the U.S. as an external balancer, have helped drive polarization in the region. The slow but steady confluence between Israel and the Sunni Arab states, the UAE, Saudi Arabia and Qatar—is testament to the extent of the Iranian threat's reshaping of Middle Eastern political realignments. The addition of India via Chabahar and Pakistan with Belt and Road signal yet further the geopolitical scope of the triangle now encompasses South Asian space, setting the conflict in the context of the Eurasian connectivity and influence game.

The economic impact of the war is not episodic, but accumulative. Sanctions pressure has led to no strategic moderation on the part of Iran and has fostered more and more entangled interdependence, de-dollarization, and the establishment of alternative economic cycles involving Iran, Russia, and China. The persistent maritime insecurity in the Strait of Hormuz, the Red Sea and Bab-el-Mandeb have become embedded in global trade, energy and shipping markets in the form of a structural risk premium. These aren't just transitory warps; they're lasting changes in the structure of the global economic system that require prompt policy responses.

Proxy confrontation and direct military exchange are no longer distinct categories, a conclusion as clear as it gets in security terms, in view of the 2024–2025 escalation cycle. Existing diplomatic constraints have been completely unable to manage a destabilizing dimension brought by nuclear ambiguity, Iran's ongoing process of enrichment, which as assessed by the IAEA in 2024 is getting close to levels needed to make weapons, and the logic of preventive action. The message is clear: it is no longer a regional issue but has external implications: Israel-Iran-USA. It is a regional-global conflict system where geopolitical polarization, economic destabilization and security escalation are structurally connected

### **Policy Recommendations**

This analysis leads to four policy imperatives. Diplomatic reengagement with Iran needs to be rethought as a structural requirement because without a structure, as the JCPOA proved, Iranian nuclear ambitions accelerate, not slow down. Secondly, there needs to be more multilateral coordination, with non-Western actors, to establish maritime security governance at critical chokepoints, so as not to make disruption of commerce permanent. Third, sanctions architecture needs to be thoroughly reconsidered – the evidence has been gathering that coercion in the absence of a credible diplomatic process leads to adaptation not to moderation. Fourth, regional security arrangements need to progress from a bilateral nature to inclusive ones, where the security concerns of all major stakeholders including Iran are considered legitimate.

### Future Research Directions

However, this paper provides numerous possibilities for future research. Researchers need to look at the consequences of sanctions-induced de-dollarization in the long run for the dollar's role as a reserve currency. More research should be conducted on the Iran-Russia-China strategic convergence and its possible formation into a bloc against the West. The involvement of Pakistan, India, Turkey and the Gulf nations in defining the trajectory of the triangle can be treated at a separate analysis. Lastly, the use of formal deterrence theory in efforts to analyze such multi-actor, asymmetric conflict systems is a key area for theory and policy focused research.

The Israel-Iran-USA triangle will continue to be one of the major fault lines of the twenty first century. The way in which it is managed will define the region's security, the global economic stability and the new multipolar world order for decades to come.

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