

BRIEFING
PAPER
443
November 2026

The Middle East amid the US–Iran war

Shifting alliances and divergent trajectories

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Summary

- The ongoing war between the US and Iran has shattered the Middle East's security architecture, replacing a predictable US-backed 'oil-for-security' framework with unprecedented volatility.

- Sparked by decades of rivalry, Iran's nuclear ambitions, and the 2025–2026 US-Israeli airstrikes aimed at regime change, the conflict escalated when a hard-line Iranian IRGC military junta took power. Iran launched massive missile retaliations against Israel and US assets.

- The war has triggered a global geoeconomic crisis by choking vital maritime arteries. Iran mined the Strait of Hormuz, halting a quarter of global seaborne oil trade, while Yemen's Houthis seized the Bab el-Mandeb Strait. This choke point crisis caused hyperinflation in Iran, crippled energy exports in Saudi Arabia and Kuwait, harmed Qatar's and the United Arab Emirate's investment images, and damaged Suez revenues for Egypt.

- Three future trajectories emerge for this new multipolar region: a bifurcated development path between wealthy Gulf nations and fragile states, potential nuclear escalation, or a collaborative 'Helsinki process' to seek a shared security architecture.

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Introduction

The geopolitical fault lines of the Middle East have experienced major shifts since the outbreak of the US–Iran war on 28 February 2026. Concomitantly, the security architecture of the region is undergoing a major revision. For decades, the Middle East operated under a more or less predictable framework defined by the provision of US-led regional order: an 'oil-for-security' pact with the Gulf monarchies on the one hand, and the Islamic Republic of Iran and its proxy network engaging in a 'shadow war' with the US and its regional allies on the other.[1]

This Briefing Paper argues that the US–Iran war has pushed the Middle East region into an era in which volatility and unpredictability are the new normal. It explores the immediate mechanics of the conflict, the fracturing of traditional alliance structures, the collapse and evolution of proxy networks, the geoeconomic resilience strategies of the Gulf states, and the multilayered future that awaits this newly multipolar region.

Three alternative scenarios are briefly explored: firstly, a bifurcated development trajectory in which the wealthy Gulf monarchies go in one direction and the fragile Middle East states in another; secondly, nuclear escalation; and thirdly, a 'Helsinki process' for the Middle East, meaning a search for a security architecture that builds on the experiences of the 1975 Final Act of the Conference on Security and Co-operation in Europe (CSCE), which helped initiate the gradual overcoming of the Cold War's East–West divide. Something akin to the CSCE is much needed to prevent the region from spinning into a downward spiral with dire consequences to the local economies and beyond.

Behind the scenes of the US–Iran war of 2026

The animosity between the US and Iran can be traced back to the 1979 Iranian Islamic revolution and the overthrow of its last Shah, Reza Pahlavi. Ever since, the Tehran regime has contested the dominance of the US and its Gulf allies – Saudi Arabia, the United Arab Emirates (UAE), Qatar, Bahrain, Oman, and Kuwait – within the region. The friction between the contestants operated primarily through proxy warfare, targeted assassinations, cyberattacks, and economic sanctions. The Israelis entered the fray from the onset.[2]

The Iranians built an axis of resistance, an informal coalition against the US and its allies. This was composed of Shia militias of different hues within Iraq, Hezbollah in Lebanon, Hamas in the Palestinian territories, and the Houthis in Yemen. The Hafez al-Assad (1971–2000) and Bashar al-Assad (2000–2024) dictatorships in Syria were one of the main pillars of Iranian influence in the Levant until the collapse of the latter regime in December 2024.

The current US–Iran conflict cannot be understood without considering Iran's ambitions to develop a nuclear programme. Israel's Prime Minister Benjamin Netanyahu has built his political career on countering Iran's nuclear ambitions by claiming that

1 For an extensive account of the US-Iran rivalry in the Middle East, see Milani, Mohsen (2026) *Iran's Rise and Rivalry with the US in the Middle East*. London: Oneworld Publications.

2 For the Israeli-Iranian rivalry, see Hamidreza, Azizi (2026) *The Axis of Resistance: Iran, Israel, and the Struggle for the Middle East*. Cambridge: Polity.

Iran's intention has been to build a nuclear bomb and thereby annihilate the Jewish state. A prime example of a joint US–Israeli cyber operation deployed to destroy the centrifuges at Iran's Natanz nuclear facility is the Stuxnet malware, uncovered in 2010. Iran, of course, countered with its own cyber offensives against the US financial sectors.

The animosity between the US and its allies and the Tehran regime entered a temporary lull following the long and complicated negotiations that led to the 2015 Joint Comprehensive Plan of Action (JCPOA), an international agreement aiming to limit Iran's nuclear programme. However, the JCPOA collapsed in 2018 due to the US withdrawal from the deal by President Donald Trump. This, many analysts claim, pushed Iran to resume heavy uranium enrichment.[3]

The so-called shadow war escalated into an open conflict between the US and Iran in June 2025 when the US launched its operation Midnight Hammer with precision strikes on Iranian nuclear and military installations at Fordow, Natanz, and Esfahan. It is worth noting that the US assassination of Qasem Soleimani, the head of Islamic Revolutionary Guards Corps (IRGC), at Baghdad Airport in 2020, and Iran's retaliatory ballistic missile strikes against US bases in Iraq, marked an early indication of the escalating confrontation that was yet to come.

The true shock wave unfolded under the joint US–Israeli operations Roaring Lion and Epic Fury in the spring of 2026, as the Americans and Israelis launched an overwhelming aerial campaign across Iran. The US and Israeli sides appeared to expect that the decapitation of Tehran's leadership, namely the killing of Supreme Leader Ayatollah Ali Khamenei along with the leadership of the IRCG, would throw the regime into disarray and ultimately to a collapse. This was compounded with earlier protest waves of ordinary Iranians against the economic hardships and repression they had suffered.

However, it quickly transpired that the Iranian regime was not about to fold under pressure. On the contrary, a hard-line military junta headed by the IRCG has taken firm control of the state. Furthermore, Tehran has shifted from the shadow war into a direct and hawkish confrontation by launching thousands of ballistic missiles into Israel, US military command nodes, and forward logistical infrastructure across US allies in the Gulf – all under the rubric of Operation True Promise IV, or *Amaliyati Va'de-ye Sādeq* in Persian.[4]

From the choke point of Hormuz to the damaged security environment

The Iranian regime has employed a strategic lever that has had profound consequences not only for the regional geoeconomic calculus but also for the global balance of power: the control of the strategically significant Strait of Hormuz. The immediate economic manifestation of the war was Iran's complete closure of the waterway between the Persian Gulf and the Gulf of Oman, a major route of petroleum products for Europe and Asia.

During 2023–2025, 20% of the world's liquefied natural gas (LNG) and 25% of seaborne oil trade passed through the Strait, illustrating its important location for trade. By mining the Strait of Hormuz and by targeting commercial shipping with anti-ship cruise missiles and swarming fast-attack crafts, Iran has brought shipping almost to a standstill. With the Houthis in Yemen entering the fray and seizing strategic control over the Bab al-Mandeb Strait in the Red Sea in early September 2026, Iran has managed to escalate the conflict to yet another level.

The US–Iran war has brought about unprecedented damage to the Middle East region's shared security environment. The Gulf monarchies, which had relied on US security guarantees in exchange for spending billions of dollars on American military equipment, hosting US-operated bases, and investing in the US economy, found themselves targeted by Iranian retaliatory measures. Overall, the US–Iran war has shattered the belief in the omnipotence of US military supremacy and power, as the Iranian regime has not folded under intense pressure.

Thus far, the economic and infrastructural impacts of the US–Iran war have been profound. Iran's sovereign airspace has been repeatedly violated, its key military and nuclear facilities have suffered severe damage, the national currency has collapsed, and

3 See, for example, Khan, Saira (2024) *Iran Nuclear Deal: Non-proliferation and US-Iran Conflict Resolution*. London: Palgrave Macmillan.

4 For a detailed account of the history of the IRCG, see Silinsky, Mark D. (2021) *Empire of Terror: Iran's Islamic Revolutionary Guard Corps*. University of Nebraska: Potomac Books.

The chokepoints of the Straits of Hormuz and Bab el-Mandeb

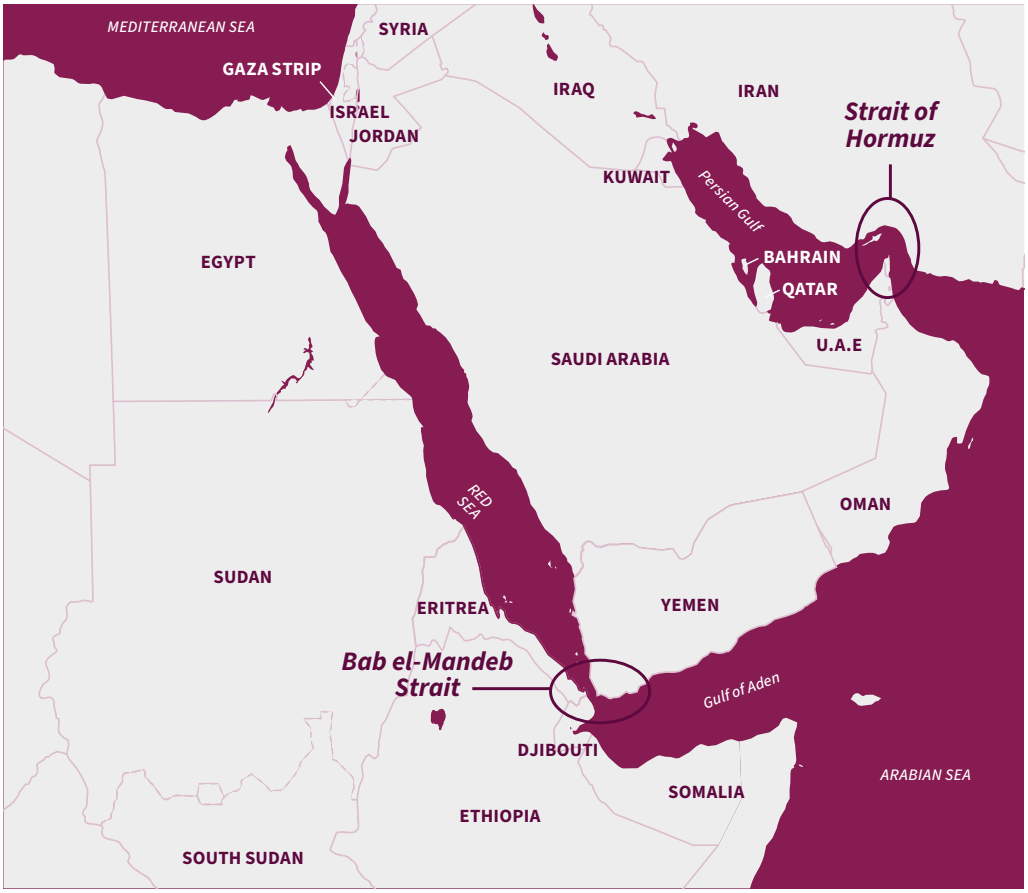


Figure 1. Map of the Middle East region showing the chokepoints of the Straits of Hormuz and Bab el-Mandeb.

the economy is experiencing hyperinflation. Saudi Arabia's energy infrastructure has been struck by Iranian ballistic missiles, and logistics flows have been diverted to Red Sea ports. The UAE and its commercial and residential infrastructure have been damaged. The UAE also exited the Organization of the Petroleum Exporting Countries (OPEC) due to deep strategic disagreements over production capacity amid the crisis. In addition, the image of the UAE as a haven for investments has experienced severe hits. Qatar has attempted to enforce neutrality, but its LNG shipments have suffered tremendously. Kuwait has seen its energy export hubs paralyzed. Egypt is facing economic troubles due to declining Suez revenue, which is exacerbated by drone strikes on the Mediterranean and the Red Sea energy pipelines.

All in all, the economic toll forced a realization among the Gulf allies of the US: their immense wealth could not be shielded from the US–Iran war if they remained reliant on a singular, vulnerable maritime artery and the provision of US security frameworks. Israel's aggressive stance and actions are perceived as threats by US allies such as Saudi Arabia and Qatar. For example, Israel's daytime airstrike in Doha on 9 September 2025, which targeted Hamas leaders meeting in a Qatari government residential complex to discuss a US-backed ceasefire proposal, came as a shock to US regional allies.

Axis of resistance in flux

As noted, Iran has previously relied on its regional proxies to advance its political and security agenda. The use of proxies has allowed Tehran to maintain plausible deniability and strategic ambiguity, even though most terror attacks and other activities against US forces and interests in the region have been attributed to Iran. These proxies remain a formidable

network in Iran's playbook, albeit a degraded one compared to the last two decades: with the onset of Israel's war in Gaza, Hamas has become severely deteriorated, while Hezbollah has lost its political and military leaders. In Iraq, Shia militias, supported by Iran, reigned havoc on US forces and interests.

"The use of proxies has allowed Tehran to maintain plausible deniability and strategic ambiguity, even though most terror attacks and other activities against US forces and interests in the region have been attributed to Iran."

Recently, Iran activated Iraqi militias to launch cross-border strikes into Saudi Arabia, leading to strains between the Riyadh and Baghdad governments. The Houthis have also launched drones directly into the heart of Riyadh, causing disruptions in air travel and raising questions about the ability of the Saudis to protect themselves from modern drone warfare.

Iran has also been able to plan and use online radicalization campaigns to rally the Muslim world against the West. Interestingly, when the US-Iran war started, Iranian President Masoud Pezheskian proclaimed that US-Israeli attacks against Iran were an attack on Islam. However, given that Tehran reverted to firing missiles against its Gulf neighbours, the notion that Islam was somehow under attack fell quickly apart. Iran has also utilized proxy criminal networks such as Foxtrot, Rumba, *Harakat Ashab al-Yamin al-Islamiya*, and the Marco Polo Cell to execute low-tech attacks and intimidation campaigns within Europe, a parallel strategy utilized by Russia against the Western countries that support Ukraine.[5]

Rise of alternative alliances

Even though the US still retains a significant military presence in the Middle East, its influence is fast waning. This process started years before the onset of the war with Iran due to the 'pivot to Asia' espoused by President Barack Obama and amplified by the Trump administration's security strategy, placing emphasis on the Western Hemisphere and the Indo-Pacific. The US has stepped back from diplomatic leadership in the now more or less moribund Middle East Peace Process, and the last US troops left Iraq this year on 30 September.

The fact that the US has not been able to fully shield Doha, Abu Dhabi, Dubai, Kuwait City, Riyadh, and Manama from Iranian missiles and drones has driven a wedge between Washington and its Gulf allies. Although the Gulf allies are not abandoning the US, they actively seek alternative security arrangements. The recent Makkah Agreement on the defence alliance between Saudi Arabia, Turkey, and Pakistan is a prime example of this.[6] Turkey, a regional heavyweight in the Middle East, is seeing its clout on the rise.

The Gulf monarchies are also actively seeking security cooperation with Europe whilst deepening their multilayered economic and diplomatic ties with India and China. European powers, including France, the UK, Italy, and the Netherlands, have deployed military assets to support Gulf defence while rejecting direct US offensive operations in favour of alternative defensive maritime coalitions. The Gulf states are showing strong interest in collaborative air and maritime defence, as well as leveraging European and Ukrainian expertise in drone technology and counter unmanned aerial vehicle (UAV) systems.[7]

It is also clear that the momentum towards further Arab-Israeli normalization via the US-mediated

5 Levitt, Matthew, and Sarah Bones (2024) "Iranian External Operations in Europe: The Criminal Connection". *International Centre for Counter-Terrorism Analysis*, 16 October. https://icct.nl/publication/iranian-external-operations-europe-criminal-connection.

6 Aydin, Selçuk, and Rashid Dar (2026) "The Mecca Agreement from Idea to Practice: Deterrence, Institutionalisation and a New Security Architecture". Aljazeera Centre for Studies, 9 September. https://studies.aljazeera.net/en/analyses/mecca-agreement-idea-practice-deterrence-institutionalisation-and-new-security; Alaranta, Toni, and Olli Ruohomäki (2026) "Turkki, Saudi-Arabia, Pakistan ja Egypti rakentavat alueellista turvallisuusyhteistyötä". Lähi-itä NYT Blog, 26 April, Finnish Institute in the Middle East. https://lahi-itanyt.fi/nyt/turkki-saudi-arabia-pakistan-ja-egypti-rakentavat-alueellista-turvallisuusyhteistyota/.

7 Oktenli, Burak (2026) "The Reciprocity Inversion: How Ukraine Became the Gulf's Counter-Drone Lifeline". *Geopolitical Monitor*, 17 July. https://www.geopoliticalmonitor.com/the-reciprocity-inversion-how-ukraine-became-the-gulfs-counter-drone-lifeline/.

Abraham Accords, which saw the establishment of diplomatic relations between Israel and the UAE, Bahrain, and Morocco in 2020, has ground to a halt. Defence cooperation between the UAE and Israel does continue, as both parties benefit from a transactional relationship. However, the consequences of the war in Gaza and the current very negative image of Israel amongst ordinary citizens of many Arab countries make normalization politically very difficult for Riyadh and other Arab states.

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Divergent trajectories

There is no simple linear trajectory ahead of the very complex geopolitical fracturing that has been put in motion in the Middle East as a result of the US–Iran war. There are three possible divergent trajectories that may unfold.

Bifurcated developments

It is very likely that the current conflict in the Gulf will continue for a very long time. If they wish, the Americans and the Israelis are able to control the air space over Iran, but they will not be able to dislodge the regime in Tehran. This would require a massive land invasion – of the sort that was seen in toppling of the Saddam Hussein regime in Iraq in 2003. There is little appetite for this in Washington, nor would it necessarily solve the conflict. It should be borne in mind that the toppling of the Hussein regime gave birth to a jihadist-inspired insurgency that brought about the eventual rise of the terrorist organization ISIS.

As a result, the region will see a bifurcated development in which one group of countries – that is, the wealthy Gulf monarchies of Qatar, Saudi Arabia, Bahrain, the UAE, Oman, and Kuwait – will go in one direction, and the rest of the Middle East, comprising fragile states ranging from Iraq to Lebanon, in another. The Gulf monarchies will attempt to weather the volatile future by leveraging their sovereign wealth funds to diversify their economic bases, build alternative energy supply routes, and rely on private security firms in bolstering their defence.

It should be noted that many of the Gulf monarchies had begun their transition from a hydrocarbon-based economy to a more diversified economy some time ago, but the US–Iran war has accelerated the process. [8] They will also turn towards Asia and Europe in search of economic partnerships and connectivity projects.

Fragile states such as Lebanon, Yemen, and Syria will continue to be spaces for war economies, havens for Islamist groups, sources of threats to regional stability, and beyond.[9] Although Iraq has begun its recovery from the years of ISIS dominance, the country remains fragile. These countries will continue to rely on external aid to address the needs of their populations. There are also countries such as Jordan, a close US ally whose internal stability relies on a delicate balance between royal leadership, traditional tribal support, and intense socioeconomic and regional pressures. At the same time, Jordan is directly affected by the conflict, with Iranian missiles bound for Israel passing through Jordanian airspace.

Nuclear escalation

The most worrisome trajectory is nuclear escalation. In this scenario, the regime in Tehran, led by IRCG hardliners, proceeds to develop a nuclear warhead utilizing Iran's heavily fortified deep underground installations that the Americans have not been able to destroy despite deploying ordnances developed for such purposes. The International Atomic Energy Agency (IAEA) has called on Iran to open its nuclear facilities to international inspectors; something that Tehran has resisted thus far. Contrary to the wishes of the Trump administration, the regime in Tehran did not fold under intense military pressure and

8 See, for example, Ruohomäki, Olli (2025) "Saudi Arabia's balancing act in the shifting sands of the Middle East". In *Competing Visions for International Order: Challenges for a Shared Direction in an Age of Global Contestation*, edited by Ville Sinkkonen, Veera Laine, and Matti Puranen. London: Routledge.

9 See, for example, Alaranta, Toni, and Olli Ruohomäki (2026) "Post-Assad Syria in transition: Islamist-led interim government and the diminished Kurdish self-rule conditioned by the regional power struggle". FIIA Briefing Paper 434, April 2026, Finnish Institute of International Affairs. https://fiia.fi/wp-content/uploads/2026/04/BP434_Post-Assad-Syria-in-transition.pdf.

sanctions. With many of the moderate leaders in the Tehran administration either killed or pushed aside, the hardliners give no quarter to negotiations and have learned how to weaponize the choke points in the Strait of Hormuz and Bab el-Mandeb by their Houthi proxies.

Even if Iran succeeds in developing a nuclear warhead, it is unlikely – albeit not entirely impossible – that the Tehran regime will actually use such munitions. In any case, such a scenario leads to counter-proliferation by other regional hegemons such as Turkey and Saudi Arabia despite their entry into a defence pact with Pakistan under the auspices of the Makkah Agreement. Nevertheless, a trajectory in which Iran manages to acquire a nuclear warhead pushes the Middle East into yet another volatile reality and a very unpredictable future.

A 'Helsinki process' for the Middle East

A third scenario gives some hope for a better future. It is apparent that the region desperately needs a security and cooperation order with all the conflict parties at the table to discuss, at the minimum, measures to avoid escalation that could spin out of control and do unfathomable damage to the states in question and beyond.

German President Frank-Walter Steinmeier and Finnish President Alexander Stubb published an op-ed in the *Frankfurter Allgemeine Zeitung* and the *Financial Times* in July, entitled "A New Helsinki for the Middle East".[10] Building on the experiences of the 1975 Final Act of the Conference on Security and Co-operation in Europe (CSCE), which helped initiate the gradual overcoming of the Cold War's East-West divide and contributed to détente, the two presidents argue that the trust between conflict parties does not have to precede political rapprochement. Consequently, they suggest that important lessons from the CSCE's Helsinki process could be applied to the Middle East.

A Helsinki process for the Middle East would include cooperation in protection, diplomacy, and interconnectivity.[11] The protection of shared critical infrastructure such as underwater cables that run from the Gulf through the Red Sea to the Mediterranean would be a confidence-building theme that would benefit all the littoral states concerned. As for diplomacy, Gulf states could work together to bring about peace in Yemen, Gaza, and the Palestinian territories – areas where all the Gulf states are involved in one form or another. Connectivity, through regional trade, is a potential win-win for the whole region. In this regard, it should be noted that due to its critical resources and sheer population size, Iran has vast potential to be an integral part of a regional security order that could also tremendously benefit the country itself.

Of course, the Middle East faces a challenge that did not exist during the Helsinki process in 1970s Europe: a plethora of armed non-state actors that are not easily controlled, even by their state sponsors. Hence, resolving the Israel-Palestine question would need to be an integral part of any package that addresses the security issues of the Middle East. Naturally, this would require a lot of political will from both the Israelis and the Iranians to actually happen. Furthermore, the conflict with Iran and its sponsored militias and proxies would have to be addressed as part of a comprehensive peace framework.

Inclusivity is the key concept for achieving a Helsinki-inspired regional security order. All the stakeholders ranging from Iran to Israel would have to be around the table; a process that would require true statesmanship and the ability to compromise for the greater good from the leaders of the countries in question. An external party composed of a coalition of the willing including the EU, US, and perhaps China, would be necessary to act as the convenor in concert with the countries involved. Rivalry should be turned into mutual win-wins, and animosity should be turned towards cooperation. There are many steps to be taken before such a state of affairs could be achieved, but it is in the realm of the possible if there is political will.

10 Stubb, Alexander, and Frank-Walter Steinmeier (2026) "The Middle East needs its own Helsinki Act". *Financial Times*, 20 July. https://www.ft.com/content/348530f8-994f-49ce-ae77-3e5d520c7794.

11 Hanelt, Christian, and David Schäfer (2026) "The Crises in the Middle East and a 'Helsinki Process': What Role can the EU and Gulf States Play?" *Bertelsmann Stiftung*, 31 August. https://bst-europe.eu/europe-in-the-world/the-crises-in-the-middle-east-and-a-helsinki-process-what-role-can-the-eu-and-gulf-states-play/.

Conclusion

The joint 2026 US–Israeli war with Iran has irrevocably caused seismic geopolitical fractures in the Middle East. The repercussions for global energy markets continue to be felt, and the damage to regional and global trade continues to unfold. US power is on the wane, and there is an accelerated push towards a multipolar world order that was set in motion in the 2000s. Regional powers and actors are seeking new alliances, the Makkah Agreement amongst Saudi Arabia, Pakistan, and Turkey being a prime example of such a process.

The Middle East continues to fracture, with the wealthy Gulf monarchies going their own way, scaffolded by their carbon wealth, while many of the fragile countries of the Middle East teeter between state collapse and economic misery. Iran is emboldened and continues to present a threat to the stability of the Middle East. Nuclear escalation cannot be ruled out.

In an ideal world, a Helsinki-inspired regional security order could provide a confidence-building mechanism through which rivalries could be kept in check, cooperation deepened, and, in the best scenario, a brighter future could dawn for the troubled geography. However, given the trust deficit and the centripetal forces at play in and amongst the various polities of the region, the likelihood of this actually seeing the light of day remains a mirage for the time being – a befitting metaphor of the landscape of the Middle East. ⬢

BRIEFING
PAPER
443
November 2026

ISBN 978-951-769-868-9
ISSN 1795-8059
Language editing: Anna Sinkkonen
Graphic design: Kaarina Tammisto
Cover photo: Atta Kenare/AFP/Lehtikuva

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