

Global Developments Worth Watching – Issue 128

This week in a brief

This week, several ongoing conflicts extended their impact well beyond their original theaters. Attacks on tankers in the Strait of Hormuz intensified, the Houthis resumed strikes inside Saudi Arabia while advancing along Yemen's Red Sea coast, and Ukraine reached Russia's gas heartland in Yamal for the first time, more than 3,000 kilometers from the front. At the same time, the IAEA referred Iran's nuclear file back to the UN Security Council for the first time in roughly two decades, North Korea added a new destroyer intended to form part of its nuclear response system, and Germany tied its accelerating military buildup to a significant increase in borrowing. Elsewhere, the United States deepened its cooperation with Colombia, while its trade confrontation with Canada continued to escalate.

 Geopolitical Dynamics

The IAEA refers Iran's nuclear file to the UN Security Council: The IAEA Board of Governors voted, with 23 countries in favor, to report Iran's noncompliance to the UN Security Council for the first time in 20 years. As expected, Russia, China and Niger opposed the move, while eight countries abstained. The decision followed the lack of access to nuclear facilities and continued uncertainty over Iran's enriched uranium stockpile since the strikes in the summer of 2025. Russia and China may still block further action at the Security Council, but at a minimum, the Iranian nuclear file is returning to a multilateral diplomatic track even as the fighting continues.

The United States and Colombia broaden their cooperation: The two countries signed memoranda of understanding on critical minerals and civilian nuclear energy, alongside expanded cooperation on border security, migration and counternarcotics. Colombia also joined Shield of the Americas, a US led security framework designed to coordinate efforts against drug cartels and transnational crime. Despite the broader rapprochement, US tariffs of 12.5% on Colombian goods remain in place.

 Security and Threats

The campaign in Hormuz expands into a broader tanker war: The United States has sunk roughly ten oil tankers in cumulative operations, some in response to attacks on warships. At the same time, Iran's Revolutionary Guards claimed to have struck ten vessels, including two US ships and eight tankers. Iran also launched ballistic missiles toward a base near Al Azraq in Jordan, with Jordan intercepting 18 of the

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20 missiles. A sailor was killed aboard the Hercules Star off Dubai, while Iran threatened to extend its restricted maritime zone as far as Chabahar. Oil flows through Hormuz have fallen to roughly 2 million barrels per day, compared with 8 to 9 million before fighting resumed at the end of August.

The Houthis bring the fighting back onto Saudi territory: Houthi attacks struck Abha, Khamis Mushait, Jazan and Najran, injuring 73 people, including women and children, while also causing fires and disruptions at energy facilities. The Houthis said they targeted Aramco facilities and King Khalid Air Base with missiles and drones. At the same time, Houthi forces are advancing toward Mokha and Dhubab on Yemen's Red Sea coast, bringing them closer to broader control over the Yemeni side of Bab el Mandeb.

Ukraine reaches Russia's gas heartland in Yamal: A Ukrainian drone caused a fire at a facility in Novy Urengoy, one of the most important centers of Russia's gas industry, with no fatalities reported. Ukrainian special forces also claimed successful strikes on additional targets. The sites are located more than 3,000 kilometers from the front, and Ukraine said the attacks were carried out using Fire Point FP 1 drones.

North Korea adds a second destroyer to its nuclear response system: North Korea commissioned a new destroyer weighing roughly 5,000 tons, the second vessel of its kind introduced within several months, and said it would become part of the country's nuclear response system. The new ships are capable of carrying a range of missiles, while Pyongyang is also pursuing a broader expansion of its navy. The move adds a more substantial maritime dimension to a deterrence posture that has until now relied primarily on land based missile systems.

Economy, Technology and Trade

Brent crude returns above \$100 a barrel: Brent rose to roughly \$100.80, its highest level since July 24, while retail diesel prices in the United States climbed above \$5.94 per gallon. According to Reuters data, roughly one third of Gulf oil remains missing compared with prewar levels. Estimates that include movements not captured in official tracking data point to considerably higher flows, with Goldman Sachs putting Gulf oil flows at around 15 to 16 million barrels per day.

Germany finances its military buildup through debt: Germany's finance minister said the country could not meet its new defense requirements without additional borrowing. The core defense budget is expected to rise from €82.2 billion in 2026 to €109 billion in 2027, and to around €130.1 billion when support for Ukraine and additional security spending are included. At the same time, Germany plans to raise a total of €838.2 billion in debt between 2027 and 2030.

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The US Canada trade war escalates: Canadian retaliatory tariffs on roughly \$20 billion worth of US imports came into effect this week. Washington responded by announcing that it would ban imports of Canadian alcohol, motorcycles and dairy products from the end of September, while the threat of a 50% tariff on vehicles from the beginning of 2027 remains on the table.

Crises and Domestic Politics

The AfD comes close to an outright majority in Saxony Anhalt: The party won roughly 44% of the vote and fell only about three seats short of securing an absolute majority in the state parliament. The result brought a far-right party to the brink of power at the state level in Germany for the first time since the Second World War. Two days after the election, the chancellor accused the AfD of using rhetoric amounting to “ethnic cleansing” and of pursuing a pro-Russian line.

“Surely goodness and mercy shall follow” (Psalm 23).

The **Geopolitics Lab** Team