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Europe and the instrumentalization of interdependence: economic sanctions and strategies to counter them

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Abstract:

Over the past years, the international community has witnessed a fundamental shift, in which economic sanctions have evolved from tools of geopolitical pressure to outright weapons of economic warfare. This article aims to dissect the significant impact of sanctions as a strategic weapon, triangulating the perspectives of four major economic and geopolitical powers: the United States, Russia, China, India, and the European Union.

Keywords:

Economic sanctions, USA, Russia, China, India, European Union, interdependence, weaponization.

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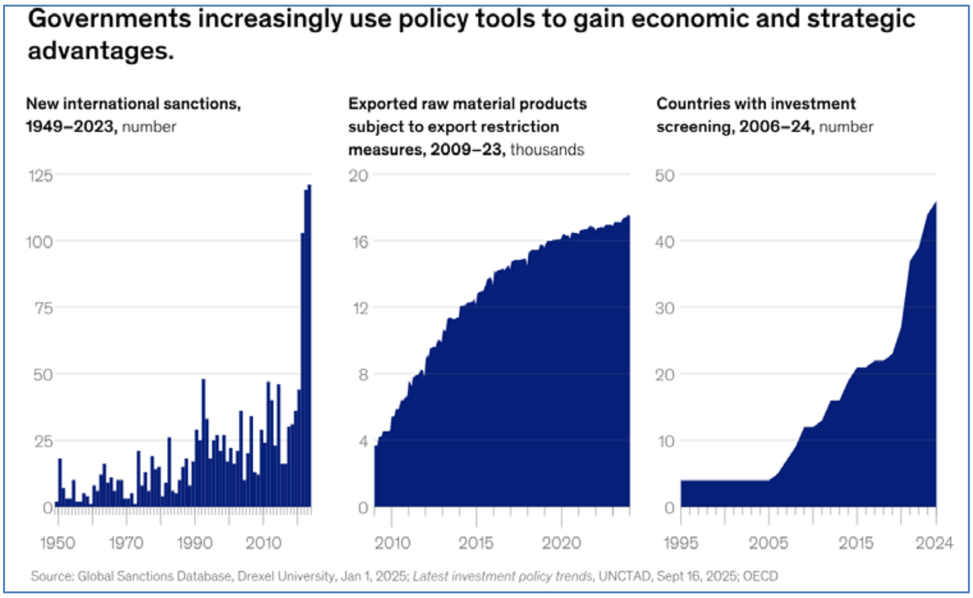
Introduction: The New Paradigm of Geoeconomic Warfare

In recent years, the international system has undergone a tectonic shift. We have moved from a period of globalization under certain rules, more or less accepted by most state actors, to an era of increasing fragmentation and geoeconomic confrontation. Economic sanctions, once conceived as surgical tools for diplomatic significance or peripheral containment, have mutated into a de facto primary weapon of strategic competition—a weapon that could be described as high-intensity, where states restrict their competitors' access to certain resources they control. This phenomenon, which we could call the weaponization of interdependence[1], reflects a world where the very nodes that serve for global integration (financial messaging systems, supply chains, energy corridors, etc.) have become the new lines of confrontation.

From a strategic perspective, the traditional distinction between peace and war seems to have become blurred. Analyzing the evolution over the last few years, it is clear that sanctions are no longer just a prelude to kinetic conflict, but a form of attrition and/or non-kinetic confrontation, designed to weaken the adversary's economy and/or military-industrial complex from within—a phenomenon that is on the rise (see figure below). However, this systemic use of economic power entails a paradox: the more it is used, the more it incentivizes the creation of parallel architectures that are immune to sanctions, thus threatening the hegemony of the order forged and led by the US, and consequently affecting its Western allies as well.

[1] FARREL, H., & NEWMAN, A. L., *Weaponized Interdependence: How Global Economic Networks Shape State Coercion*. International Security 44 (1): 42–79. (2019), available at https://direct.mit.edu/isec/article/44/1/42/12237/Weaponized-Interdependence-How-Global-Economic, consulted 8/4/2026.



Increased use of geopolitical tools by governments to gain strategic advantages. Note in the figure on the left the increase in sanctions starting in 2015, in the center the increase in materials subject to export restrictions and on the right the increase in countries that supervise foreign investments. Source: Global Sanctions Database, Drexel University, January 2025 and Latest Investment Policy Trends, UNCTAD, September 2025.

The United States' Perspective: The Economy as a Strategic Weapon and Dilemma

For Washington, the use of economic sanctions is intrinsically linked to preserving what it seems to understand as a "rules-based international order," which essentially aims to maintain US global strategic primacy. However, what can be observed in recent years is that its approach has evolved from generalized sectoral pressure to a sophisticated policy of "chokepoint diplomacy"[2]—that is, a foreign policy that deliberately uses geoeconomic bottlenecks, the so-called chokepoints, as instruments of power and influence, in which the Treasury Department is the most potent weapon in the US arsenal. This is because the centrality of the dollar allows Washington to project extraterritorial jurisdiction, forcing entities in third countries to choose between trading with a sanctioned adversary or maintaining access to the US financial system. This mechanism of primary and secondary sanctions acts as a force multiplier for US foreign policy, often achieving strategic denial without the need for force, which would require naval blockades or other military kinetic

[2] FISHMAN, Edward; *Chokepoints: How the Global Economy Became a Weapon of War*. Columbia University Press (2025).

options. However, recent studies (particularly those by Agathe Demarais[3]) warn that the excessive use of these options is having a counterproductive effect, with even allies beginning to seek cover mechanisms to protect their sovereign interests from Washington's regulatory reach and coercion.

But perhaps the most significant evolution in US strategy since 2022 is the shift from financial sanctions to technological denial. The Biden administration, followed by subsequent strategic directives, identified semiconductors and artificial intelligence as the decisive strategic domain of the 21st century. Thus, by weaponizing the global semiconductor supply chain, Washington has attempted to curb the military modernization of its main adversary, China, and, by extension, Russia as well. This set of measures is not simply economic pressure; it could even be considered a preemptive strike against the future lethality of the opposing forces[4].

Thus, the US perspective views sanctions as a means of achieving strategic attrition, in which, by disrupting access to dual-use components (microchips, sensors, specialized machinery, etc.), it seeks to degrade the enemy's capacity to acquire precision munitions and advanced platforms. As Nicholas Mulder points out, this represents a return to the concept of the economy as a strategic weapon (geoeconomics), intended to render the adversary's military machine obsolete by depriving it of the globalized resources it needs to function[5].

This is why the US strategic community is currently engaged in an intense debate about the limits of this power. While Washington can still inflict enormous costs in the short term, the risk is the bifurcation of the global economy into exclusive zones dominated by the respective hegemons, China and the US, which would harm everyone. In fact, by excluding a growing number of actors from the system, the United States is inadvertently incentivizing the development of parallel architectures (such as China's CIPS or digital currencies) that would progressively nullify the Treasury's coercive capacity. The United States seems to have entered an era of economic

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[3] DEMARAIS, Agathe; *Backfire: How Sanctions Reshape the World Against U.S. Interests*. Columbia University Press (2022).

[4] WHITNEY, Jack y otros. *The Double-Edged Sword of Semiconductor Export Controls,* Center for Strategic and International Studies (CSIS), *October 2024*. Available at: https://www.csis.org/analysis/double-edged-sword-semiconductor-export-controls, last consulted 14/05/2026.

[5] MULDER, N. *The Economic Weapon: The Rise of Sanctions as a Tool of Modern War*. Yale University Press (2022).

confrontation without a clear doctrine, which increases the risk of abuses, escalation, and loss of legitimacy. Thus, some argue that to preserve its global leadership, Washington should define rules of engagement, create specialized institutions, and balance coercion with positive economic incentives[6]. Thus, Washington now faces a dilemma regarding sanctions: using the weapon to sustain its short-term interests, at the risk of destroying its long-term effectiveness.

Russia: Resilience Through a "Fortress Economy" and Technocratic Adaptation

From the Kremlin's strategic perspective, the sanctions regime imposed by the West has been considered not only a diplomatic tool, but also an economic war. Assessing the situation in 2026, it can be observed that the Russian response has shifted from mere initial survival to a genuine proactive restructuring of its national security architecture. This adaptive change is based on the concept of economic sovereignty, where the capacity to resist external financial coercion is considered a prerequisite for freedom of military action[7].

The initial Western strategy sought to provoke a systemic collapse of the Russian banking sector and a hyperinflationary spiral by freezing approximately $300 billion in Central Bank reserves. Moscow interpreted this as an act of international piracy that permanently delegitimized Western financial infrastructure[8]. The Russian response, led by a highly skilled technocratic elite (notably Elvira Nabiullina and Mikhail Mishustin), employed what Alexander Gabuev calls "large-scale crisis management." By implementing draconian capital controls and adopting a wartime economic model, Russia succeeded in

[6] SINGH, Daalep. *The Right Way to Wield America's Economic Power. Without Statecraft, Even the Most Powerful Tools Will Be Self-Defeating.* Foreign Affairs, July 2025). Available at: https://www.foreignaffairs.com/north-america/right-way-wield-americas-economic-power, consulted 14/05/2026.

[7] *The Maturity of the State in a Changing World*, Valdai Club report 2023-2024. Available at: https://valdaiclub.com/a/reports/the-maturity-of-the-state-in-a-changing-world/, consulted 10/03/2026.

[8] SILUANOV, Anton. *Statement by the Minister of Finance of the Russian Federation, IMF Governor for the Russian Federation Anton Siluanov at the IMFC Meeting Washington DC, April 16-17, 2026.* IMF. Available at: https://meetings.imf.org/en/-/media/amsm/files/sm2026/imfc/russia.pdf, consulted 7/05/2026.

decoupling its internal stability from the SWIFT system, demonstrating that a G20 economy could, albeit with considerable friction, survive total financial excommunication[9].

A cornerstone of the Russian strategic response has been the neutralization of the G7 oil price cap. Moscow recognized that the West's Achilles' heel lay in its own dependence on global energy price stability. By building what is known as the "shadow fleet," composed of hundreds of obsolete oil tankers with opaque ownership and non-Western insurance, Russia has managed to circumvent the maritime strangulation attempt imposed by Washington and its allies, especially London. This has created a parallel global market where the reality of commodity demand prevails over the restrictions of Western sanctions[10]. For the Russian military-industrial complex, this continuous flow of petrodollars (increasingly paid for in yuan, dirhams, and other currencies) has provided Russia with the necessary liquidity to sustain the war of attrition it is waging in Ukraine.

On the other hand, Russia's reaction to technological sanctions (the ban on microchips and dual-use components) has been what we might call "asymmetric adaptation." While the West sought to weaken Russia's missile manufacturing capabilities—that is, its ability to carry out precision strikes—by blocking access to cutting-edge technological components, Moscow leveraged its porous borders with its vast global neighborhood (Central Asia, China, the Caucasus, and the Persian Gulf) to establish a massive gray market for parallel imports. According to reports from the Valdai Club, Russia has accepted a higher technology tax (higher costs and lower efficiency) in exchange for ensuring the resilience of its supply chains[11]. This strategy has guaranteed that by 2026, the Russian defense industry has not only survived but has increased its production of heavy equipment (tanks, artillery, etc.) and loitering munitions, defying the Western assumption that the sanctions would lead to military paralysis.

[9] KAWATO, Akio. *Russia's Pivot to Asia: Is It Good for Russia and Is It Successful?* Carnegie Moscow Center. Available at https://carnegie.ru/commentary/57525, consulted 14/05/2026.
[10] TIMOFEEV, Ivan. (2025). *Sanctions as a Tool of Foreign Policy: A Russian View on Global Trends*. Social Science Research Network (SSRN). Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3996222, consulted 29/04/2026.
[11] Valdai Discussion Club (2025). *The Technocratic Resistance: How Russia Navigates the Technology Embargo*, available at: https://www.google.com/search?q=https://valdaiclub.com/a/reports/the-technocratic-resistance/, consulted 17/1/2026.

Finally, Russia sees itself as the vanguard of a new economic reality that some describe as "post-Western." The Kremlin's strategic documents present the sanctions experience as a stress test that the Global South is closely monitoring. By successfully integrating into the Chinese International Finance Projects (CIPS) and expanding the BRICS+ framework, Russia seeks to transform its isolation from the West into a leadership role within what it defines as a non-Western majority. From this perspective, the sanctions are acting as a catalyst for the dedollarization of Eurasia, making Russia a critical node in a new sanctions-resistant trading bloc linking St. Petersburg with Mumbai and Shanghai[12].

China: Asymmetric Interdependence and the "Great Wall of Finance"

For Beijing, the sanctions imposed on Russia, Iran, and others are serving as a strategic laboratory in which it has designed a sophisticated combination of defensive measures to protect itself from sanctions and the creation of asymmetric dependencies that make Western coercion prohibitively costly, as is the case with the US dependence on the Asian power's rare earth production.

On the other hand, China considers its dependence on the US dollar clearing system a strategic vulnerability comparable to its vulnerability regarding the Strait of Malacca in terms of energy security. To counter this, Beijing has accelerated the expansion of the Interbank Cross-Border Payment System (CIPS) and the deployment of the digital yuan. These are not mere financial innovations; they are genuine geoeconomic lifelines designed to allow China to trade in a closed-loop system, invisible to the US Office of Foreign Assets Control (OFAC)[13].

Unlike Russia's initial reactive stance, China has developed a robust legal framework for counterattacks. The Foreign Sanctions Countermeasures Act (2021) and the subsequent "Unreliable Entities" lists represent a new doctrine: reciprocal coercion. Beijing now forces multinational corporations to choose between complying with Western sanctions and

[12] [12] LUKYANOV, Fyodor: *Not Against, but Beyond the West. Russia in Global Affairs (2023). Available at: https://eng.globalaffairs.ru/articles/not-against-but-beyond-the-west/*, consulted 8/4/2026

[13] WIJAYA, Glenn, *Summary of People Bank of China: White Paper on the Development of E-CNY*, available at: https://www.linkedin.com/pulse/summary-pbocs-white-paper-development-e-cny-glenn-wijaya/, consulted 12/2/2026.

losing access to the Chinese market, or ignoring Western impositions (and suffering the consequences) while profiting from trade with Beijing. This strategy leverages China's power and market size as both a weapon and an argument, effectively turning Western companies into pro-Beijing lobbying groups within their own capitals[14].

This so-called dual circulation strategy (internal and external) is at the heart of China's geoeconomic resilience. Through internal circulation (domestic consumption and national innovation in semiconductors), China seeks to reduce its dependence on the West, while simultaneously shielding external circulation by generating a profound global (especially European) dependence on Chinese green technology (electric vehicles, batteries, and solar energy being fundamental but not exclusive).

Thus, the strategic calculation of the Asian hegemon is that the West, especially the US and the EU, cannot reduce the risk of its dependence on China without committing economic suicide, thereby creating a situation of guaranteed damage that would prevent the application of harmful sanctions against Beijing.

India: Strategic Autonomy in a Bipolar Friction

For India, international sanctions are not considered a tool of shared values, but rather a vector of instability that must be managed through "multialignment," which New Delhi defines as the firm defense of national autonomy, the rejection of the concept of rigid blocs, and the prioritization of its rise as an economic and military power, regardless of potential pressure from Washington, Moscow, or Beijing[15].

Thus, since the beginning of the conflict in Ukraine and the tightening of US sanctions against Iran, India has maintained a consistent position in line with international law: it

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[14] Ministry of Commerce of the People's Republic of China. *Implementation Guidelines for the Anti-Foreign Sanctions Law* (2024). Available at: https://www.cpopartners.com/wp-content/uploads/2025/06/34-Anti-foreign-Sanctions-Law-of-the-Peoples-Republic-of-China.pdf, consulted 18/1/2026.

[15] GAGAN, C y KMAR, Santosh: *From non-alignment to multi-alignment: India's indo-pacific strategy and the shifting geopolitics of the Asia-Pacific.* International Journal of Political Science and Governance. Available: https://www.journalofpoliticalscience.com/uploads/archives/7-5-47-313.pdf#:~:text=This%20paper%20explores%20India%27s%20strategic%20shift%20from%20a,a%20pivotal%20actor%20redefining%20the%20region%27s%20security%20architecture., consulted 20/04/2026.

only recognizes sanctions imposed by the UN Security Council, considering unilateral Western sanctions to be a violation of the sovereignty of states[16]. Therefore, compliance with sanctions imposed by third parties is not at all a moral obligation, but rather a significant additional cost that India is unwilling to bear, especially if it compromises its energy security or military modernization. This stance is neither pro-Russian nor anti-Western; it is clearly an approach that could be defined as "India First" (alluding to Trump's "America First" slogan).

In this sense, one of India's boldest actions has been its role as an intermediary for Russian hydrocarbons. While the West imposed price caps and embargoes, India multiplied its crude oil imports from the Russian Federation, paid for in alternative currencies such as the dirham or the rupee. A masterstroke of political realism, whereby India processes this crude in its vast refineries, subsequently exporting the refined product to European and American markets. This pragmatism has allowed New Delhi to:

- Control domestic fuel inflation, vital for social stability.
- Maintain the profitability of its industrial sector.
- Become an indispensable player for the energy security of the West, since Western capitals prefer to buy Russian diesel through India rather than face a supply crisis[17].

India's greatest strategic challenge regarding sanctions is its historical dependence on the Russian military-industrial complex (particularly S-400 systems, T-90 tanks, and submarines). The threat of US sanctions has catalyzed the *Atmanirbhar Bharat* (Self-Reliant India) initiative, under which India is attempting to use the threat of sanctions to force technology transfers from the West, employing a compelling argument: if

[16] THAROOR, Shashi: *India's strategic autonomy in a multipolar world.* The Indu, September 2025. Available at https://www.thehindu.com/opinion/lead/indias-strategic-autonomy-in-a-multipolar-world/article70016666.ece, consulted 10/3/2026.

[17] Observer Research Foundation. Energy Security and the Russia-India Nexus: Navigating the Sanctions Landscape. (2025). This report is fundamental to understanding India's current foreign policy, as it analyzes how the country has maintained its strategic autonomy in the face of Western pressures. Particularly relevant are its findings regarding the price cap (evaluating how Indian refineries have managed the price limit imposed by the G7 and the use of the so-called shadow fleet for crude oil transport), the dedollarization of trade (analyzing the increase in energy transactions in rupees and rubles, as well as the use of alternative currencies such as the UAE dirham to circumvent Western financial systems), and the impact of secondary sanctions (detailing the risks to Indian companies in the face of the tightening of sanctions by the US administration in 2025). According to the report, by the end of 2025, Russia had consolidated its position as India's main oil supplier, covering almost 40% of its total imports, despite logistical and insurance challenges stemming from the Western embargo.

Washington wants India to move away from Russian weaponry, it must allow General Electric to manufacture jet engines on Indian soil. Thus, India is leveraging its position as a necessary counterweight to China to obtain a de facto exemption from the sanctions imposed on other states, often benefiting from Washington's clear willingness to make exceptions, overlook frictions, and treat the relationship with New Delhi as a necessary investment for maintaining balance against China[18].

Thus, unlike China, India does not seek to dismantle the dollar-based system, but rather to protect itself from its weaponization. To this end, it has promoted the use of the Unified Payments Interface (UPI) and signed trade settlement agreements in rupees with more than 18 countries. However, the Indian approach is cautious, as it recognizes that integration into Western financial markets is key to its growth. India seeks a world that could be described as "multicurrency," where the rupee serves as a regional settlement currency, avoiding being trapped in the orbits of both the Chinese yuan and the US dollar. In this way, India's resilience would lie in its ability to operate simultaneously within the SWIFT system and through bilateral clearing mechanisms, thereby maintaining a certain strategic distance from the risks of sanctions. Furthermore, this aligns with the BRICS objectives of developing alternative payment mechanisms, utilizing tools such as China's New Development Bank (NDB) and distributed ledger technology (DLT) for clearing and settlement[19].

On the other hand, India views the sanctions as an opportunity to gain some leadership in the so-called Global South by refusing to participate in the isolation of Russia while simultaneously maintaining a crucial technological alliance with the United States (through the iCET initiative), thus positioning itself as a necessary interlocutor. In fact, within the framework of the G20 and BRICS+, India advocates for a system of economic governance where sanctions cannot be used to disrupt supply chains for food, fertilizers,

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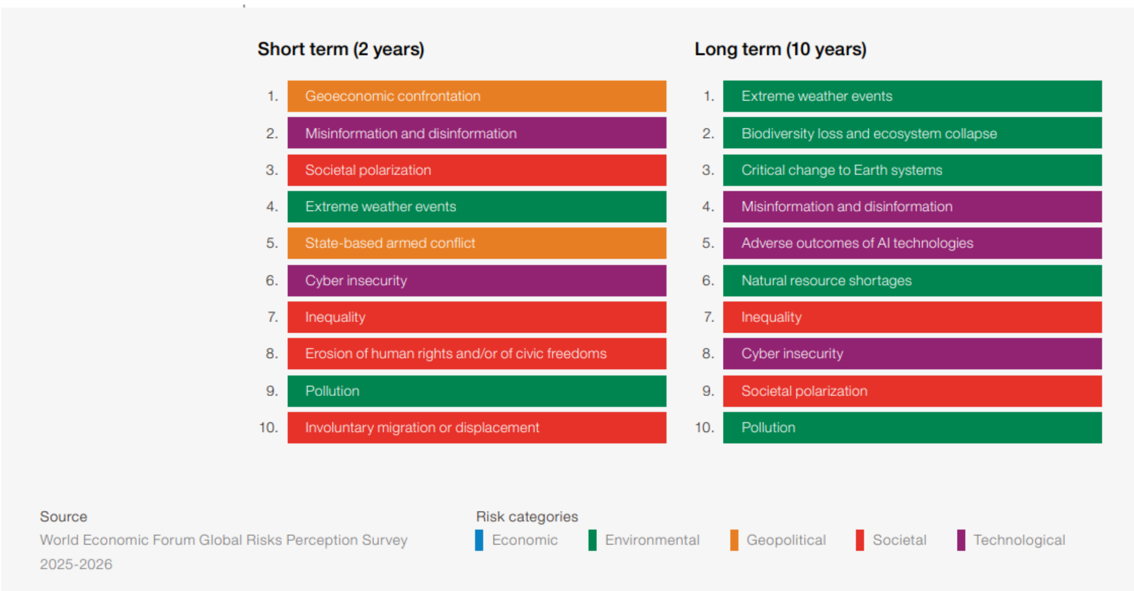
[18] VAISNAV, Milan et all, *India and a Changing Global Order: Foreign Policy in the Trump 2.0 Era. Carnegie Endowment for International Peace, 25 March 2026.* Available at: https://carnegieendowment.org/research/2026/03/india-and-a-changing-global-order-foreign-policy-in-the-trump-2-0-era, consulted 9/04/2026

[19] MATUR, Akshay. *Incubating a non-dollar architecture.* Indian Council on Global Relations Gateway House, 15 July 2024. Available at: https://www.gatewayhouse.in/incubating-a-non-dollar-architecture/#:~:text=Even%20so%2C%20BRICS%20bank%20can,contact%20outreach@gatewayhouse.in.&text=2%20Ibid%201, consulted 22/03/2026.

or medicines, thereby protecting the interests of non-aligned nations[20]. In fact, the strategic outlook for India is characterized by an intensification of geoeconomic confrontation (the use of economic tools for geopolitical objectives), which has become the main global risk for 2026-27, surpassing armed conflicts and climate threats[21] (see figure below).



The European Perspective: Strategic Dilemmas and the Risk of Deindustrialization

After analyzing these global poles, we will address the specific and complex position of the European Union, examining the tension between moral imperatives, the transatlantic link, and the harsh reality of industrial erosion.

From a European perspective (especially regarding the foreign policy advocated by the European Union in Brussels, but also in Paris and Berlin), the last few years can be described as a geopolitical awakening, but one that has been economically devastating. The European position on sanctions is unique and counterproductive: it is both one of the main architects of the sanctions regime (faithfully following the dictates from Washington),

[20] Ministry of External Affairs of India. *Strategic Survey of Global Risks and Opportunities*. Annual Report (2024-25), available at: https://www.mea.gov.in/Annual_Reports.htm?dtl/39677/Annual_Report_20242025, consulted 9/04/2026.

[21] World Economic Forum, *Global Risk Report 2026*. Available at: https://www.weforum.org/publications/global-risks-report-2026/, consulted 9/04/2026.

and at the same time, vulnerable to its systemic repercussions, which are seriously damaging its economy and trade.

Traditionally, the EU considered sanctions as a tool of normative power, that is, a way to enforce international law without resorting to military force. However, the post-2022 outlook prompted the Union to leverage its single market. But this shift, championed by the Commission President (Ms. von der Leyen) with the aim of making the institution she leads more geopolitical, has proven painful and even detrimental in some respects. Unlike the United States, which is energy independent and geographically isolated from the Eurasian theater, Europe's instrumentalization of trade is disrupting the arteries (natural gas and raw materials) that fueled its industrial core for decades[22].

On the other hand, while the EU has demonstrated unprecedented unity with Washington in imposing sanctions on Russia, a growing divergence has emerged regarding China. The US approach to Beijing (characterized by decoupling and technology denial) clashes with the European concept of risk reduction. As outlined in the 2024 Draghi Report[23] and subsequent 2025 updates on European competitiveness, many in the EU fear that by too closely adhering to Washington's sanctions, Europe is sacrificing its last remaining industrial advantages (automotive, chemicals, and high-end engineering, among others) while the United States subsidizes its own industry through the Inflation Reduction Act, one of the most significant acts of economic protectionism in recent decades, directly undermining European industry and investment[24].

Thus, the European position is marked by the increased cost of the energy transition imposed by the sanctions, as it refuses to accept cheaper gas supplies from Russia via pipelines. While this deprives Moscow of a key source of revenue, it does so at the cost of permanently increasing energy costs for European manufacturers, drastically reducing their competitiveness. This has led to what some analysts call an "energy exodus" or

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[22] [22] LEONARD, Mark & SHAPIRO, Jeremy (2024). *Strategic Sovereignty: How Europe Can Regain the Capacity to Act*. *Redefining Europe's economic sovereignty.* European Council on Foreign Relations. June 2029. Available at: https://ecfr.eu/archive/page/-/ecfr_strategic_sovereignty.pdf, consultado 9/04/2026

[23] DRAGHI, Mario. *The Future of European Competitiveness*. European Commission Strategic Report (2024) Available at: https://commission.europa.eu/topics/competitiveness/draghi-report_en, consulted 6/04/2026.

[24] RUIZ GUIX, Pau. El impacto de la Inflation Reduction Act en las relaciones transatlánticas. Real Instituto Elcano, 11 April 2023. Available at: https://www.realinstitutoelcano.org/analisis/el-impacto-de-la-inflation-reduction-act-en-las-relaciones-transatlanticas/ , consulted 15/05/2025.

"silent deindustrialization"[25] (sectors such as aluminum and fertilizers in Europe have lost more than 20% of their capacity since 2022, permanently relocating outside the Union). While the US sells LNG to Europe at market prices, European industries, in order to survive, are moving to North America or China. From a strategic perspective, this clearly represents a critical vulnerability: a deindustrialized Europe would find it much more difficult to maintain a credible "European pillar" within NATO[26].

In fact, in 2026 the EU had to confront the stubborn reality of the limits of its coercive power. The need to filter the enormous amount of sanctioned assets through third countries (such as in Central Asia and Turkey) forced the EU to appoint a special envoy for sanctions and to develop an instrument against coercion. However, the administrative burden of monitoring thousands of entities is pushing European bureaucracies to their limits. Furthermore, the freezing of Russian sovereign assets in Euroclear sparked intense internal debate: while it was legally justified as reparations, the proposal was rejected for fear that it would undermine the euro's status as a reserve currency, potentially pushing the Global South toward the Chinese CIPS system[27].

This is why one of the EU's most pressing concerns is economic security, which entails creating tools to protect European companies, both from measures that might be implemented by states identified as adversaries and, occasionally, from excessive secondary US sanctions[28]. The current European perspective is what could be described as "defensive realism," which recognizes that, in a world of instrumentalized interdependence, Europe must develop its economic resilience to avoid being seriously affected by US sanctions or the Chinese monopoly of supply chains[29].

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[25] GRÖMLING, Michael et all. *Deindustrialisation – A European Assessment.* Intereconomics, Volume 58, 2023 · Number 4 · pp. 209–214.
[26] TARDY, Thierry, *Unpacking the European Pillar in NATO.* Future Europe, July 2024. Available at: https://feu-journal.eu/issues/issue-5/unpacking-the-european-pillar-in-nato/, consulted 05/01/2026.
[27] DEMARAIS, Agathe. *Backfire: How Sanctions Reshape the World*. Columbia University Press (2025).
[28] Secondary sanctions are understood to be those that prohibit third parties (such as European, African or Asian companies or banks) from trading with the sanctioned country or financing economic activities, if they want to maintain their access to the U.S. financial system.
[29] DEFEND, Monica. *Europe Aiming for Strategic Autonomy.* Amundi Investment Solutions. 23 de February 2026. Available at: https://research-center.amundi.com/article/europe-aiming-strategic-autonomy, consulted 11/4/2026.

The Fragmentation of the Global Order and the Dawn of "Post-Sanctions Geopolitics"

The analysis seems to reveal that economic sanctions have crossed a tipping point where, far from being a surgical instrument for peripheral containment, they have become a factor of systemic disruption that is redefining the relationship between the state, the market, and military capacity. By briefly synthesizing the perspectives of the United States, Russia, China, India, and the European Union, four general strategic conclusions emerge, each with profound implications for the future of global stability:

1. The Paradox of Hegemony: Instrumentalized Interdependence and the Diminishing Returns of the Dollar

The first important conclusion concerns the structural transformation of US power. For decades, the United States has leveraged its dominance and control of global finance (the dollar and the SWIFT system), which, understood and accepted as a neutral infrastructure for world trade, have been transformed into geopolitical weapons serving Washington's short-term interests. This is triggering a global movement to hedge against potential financial attacks from the American hegemon. Adding to this situation is the fact that the current conflict in the Persian Gulf is beginning to undermine the cornerstone of the US economy: the petrodollar. This is because the volume of hydrocarbons paid for in other currencies, such as the yuan, could be the catalyst for an erosion of the petrodollar's dominance and the beginnings of what some analysts call the "petroyuan"[30].

As we have seen in the analyses of the United States and China, while this American approach achieved immediate tactical successes, such as weakening Russia and Iran, the strategic cost has been the erosion of the system that underpinned the unipolar moment of the United States. Thus, today the global financial system is no longer a monolith. The aggressive use of secondary sanctions has even forced allies to question the security of their assets in Western jurisdictions. The rebound effect is a palpable

[30] SACHDEVA, Mallika. *What Iran means for the dollar: a perfect storm for the petrodollar.* Deustche Bank Research Institute, 24 March 2026. Available at: https://www.dbresearch.com/PROD/IE-PROD/PDFVIEWER.calias?pdfViewerPdfUrl=PROD0000000000622186&rwnode=REPORT, consulted 28/3/2026.

reality, where the world's capacity to resist sanctions is beginning to outpace Washington's ability to innovate new forms of coercion[31].

2. The Capacity for Economic Resilience and Its Strategic Lesson

The Russian experience has offered a devastating critique of the Western theory of economic warfare. The fundamental premise of 2022 (that the Russian economy, belonging to the G20 group of economies, would collapse through financial isolation) has been disproven, demonstrating that states rich in raw materials and with technological capacity can achieve a high degree of economic and financial resilience if they possess the necessary technocratic competence to manage their capabilities and options, even in the face of unprecedented pressure, such as that which Moscow is currently enduring.

This carries a chilling strategic lesson: sanctions do not prevent war or guarantee its success; they simply alter its nature. Russia's ability to maintain its military-industrial production and raw material exports through so-called "shadow fleets" and "gray markets" demonstrates that, in a globalized world, there is always a buyer for essential raw materials and a seller for critical components, at whatever price is required. The failure to provoke a collapse in Moscow is serving as an example to other middle powers, leading them to consider sanctions not as an insurmountable barrier, but as a kind of tax they might be willing to pay if, in return, they obtain the strategic freedom of action they need to safeguard their vital interests[32].

3. Asymmetric Interdependence: The Chinese Shield and the Indian Bridge

The third conclusion focuses on the emergence of a non-Western strategic logic. China and India represent two different, but equally effective, responses to Washington's instrumentalization of sanctions.

Beijing, for its part, has moved toward asymmetric interdependence, making the West heavily reliant on Chinese supply chains, thus creating a form of mutually assured harm,

[31] DEMARAIS, Agathe. *Backfire: How Sanctions Reshape the World*. Columbia University Press (2025).
[32] CACHINERO, Jorge. *Las tres razones del fracaso de las sanciones impuestas a Rusia.* ABC blogs, 16 May 2024. Available at: https://abcblogs.abc.es/jorge-cachinero/otros-temas/3-razones-por-las-que-las-sanciones-a-rusia-no-han-funcionado.html, consulted 9/04/2026.

in which any sanction severe enough to truly damage China would simultaneously cause similar or greater damage to the Western industrial base.

Conversely, India has perfected the art of strategic balancing, refusing to take sides and acting as a refiner for Western-sanctioned energy globally, demonstrating that, in its case, "multialignment" is a profitable doctrine for the current global geopolitical moment. India's success in managing this moment suggests that the future could belong to those capable of positioning themselves as bridges between the sanctions-driven West and the resilient East, obtaining concessions from both.

4. European vulnerability: the danger of industrial decline

Finally, the European situation could serve as a warning for the strategic community. Europe is the only major power that has seen its industrial competitiveness systematically degraded as a direct consequence of the sanctions regime. While the United States remains protected by its energy and technological dominance, the Union finds itself caught in a geoeconomic pincer movement, subjected to pressure from Washington and Beijing, refusing to consider the possibility of direct supply from Moscow, and instead opting for indirect and more expensive procurement.

The drastic increase in energy costs and the need to reduce the risk stemming from dependence on China have placed the Union in a precarious position. If it continues with a foreign policy in which sanctions hinder the necessary industrial revival, it risks becoming a geopolitical museum piece, driven by moral dismay rather than geostrategic pragmatism, which would condemn it to economic and, therefore, geopolitical irrelevance. This situation would render the pursuit of strategic autonomy a virtually impossible chimera, given its lack of an energy and industrial base capable of withstanding the dual pressures emanating from the Americas and Eurasia.

Conclusions: The Bifurcation of the Global System

The analysis seems to reveal that economic sanctions have ceased to be a surgical instrument and have become a factor of systemic disruption, from which each pole examined has drawn very different conclusions in this era of geoeconomic confrontation.

The United States continues to consider sanctions its main asymmetric advantage, directing them not only against its geopolitical adversaries, as a strategy of technological containment to preserve its hegemony, but also against its allies, as a form of economic and geopolitical coercion. But the abuse of this advantage is increasingly diminishing its effectiveness and could seriously damage the fundamental pillar of its economic financing: the petrodollar.

Russia has demonstrated that a sufficiently large and resource-rich G20 economy can achieve resilient strength through technocratic agility and the creation of assets and actions in the gray zone, which is allowing it to circumvent much of the Western sanctions.

China is building a parallel financial universe and a robust legal framework of countermeasures, creating a situation of mutually assured harm, which greatly hinders any attempt at Western economic coercion.

For its part, India has positioned itself as a champion of strategic pragmatism, leveraging the friction between blocs to strengthen its energy autonomy and security, while acting as a necessary bridge between the parties by practicing strategic multi-alignment, thus bolstering its geoeconomic resilience.

Europe, however, finds itself in a state of strategic transition, struggling to balance what it still considers its vital security alliance with the United States against the need to design pragmatic strategies that will allow it to escape the imminent threat of industrial obsolescence, caused by high energy costs and trade fragmentation, to which its subordination to Washington's dictates and its lack of geostrategic pragmatism are leading it. This leads us to believe that the world order seems to be heading towards a bifurcation that could be irreversible, witnessing the emergence of what could become two parallel globalizations: one led by the G7, focused on the relocation of allied companies and the denial of high technology to adversaries, and another, spearheaded by the BRICS+ (led by China), focused on commodity trade and alternative financial architectures immune to Western sanctions.

In this new situation, the traditional economic weapon of sanctions would lose much of its coercive power as more countries join the CIPS network and/or trade in currencies other than the dollar, which would also reduce the visibility of a substantial portion of global trade for Western regulators. We may be entering what some call a "new era of geoeconomics"[33] where trade flows are becoming progressively more opaque, making it increasingly difficult to influence the behavior of adversaries through economic pressure.

Thus, the fundamental conclusion is that sanctions are a geopolitical resource whose power is being consumed precisely by their use, because, although the West still controls the most sophisticated financial nodes, the rest of the world is rapidly building an economy capable of resisting Western economic and financial coercion.

Therefore, economic security will depend less on the ability to impose sanctions and more on the ability to survive them. Given this conclusion, the European Union should urgently design policies and strategies to ensure it remains as immune as possible to geoeconomic coercion, whether exerted from Washington or elsewhere. In any case, to guarantee security in this increasingly fragmented and competitive world, Spain and its European partners should prioritize the resilience of their supply chains and the competitiveness of their industries over selective moral considerations, guided more by geopolitical and strategic pragmatism.

In the 21st century, the most powerful economic weapon may not be so much the ability to exclude others from the system, but rather the ability to remain indispensable within it.

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[33] *The New Age of Economics*. McKinsey & Company, 24 November 2025. Available at: https://www.mckinsey.com/featured-insights/week-in-charts/the-new-age-of-geoeconomics, consulted 13/1/2026.