

TRUMP'S LAST GASP ATTEMPT TO DOMINATE RUSSIA AND CHINA. The next two months are critical.

There is a confluence of issues that will test the Trump Presidency over the next few months. These issues are both internal and external, the budget impasse, a faltering economy, financial stresses in the pipework his declining popularity, and externally, his relationship with China and Russia.

The biggest current geopolitical fracture point is the hegemonic impasse between China and the USA. This week Reuters announced that the US was about to levy a dizzying array of technical sanctions on China. This represents the ongoing tit for tat exchanges between China and the US. It's worth highlighting the recent embargoes on rare earth minerals and magnets by China in partial retaliation to perennial creeping sanctions issued by the Trump Administration.

If Reuters is right, this super-sized embargo is in response to China's embargo of rare earth minerals. But it could also be another Trump strong arm tactic, a Tomahawk moment, as Trump tries to leverage a meeting with Xi during his forthcoming visit to Asia. [*"We'll make a deal on, I think, everything,"*](#) said Trump. But cynics felt otherwise *"Both sides are clearly seeking stability in the relationship,"* said Henrietta Levin, a former White House China adviser now at the Center for Strategic and International Studies. *"But stability on whose terms is an open question, and one where I think unfortunately Beijing is holding the cards."* A meeting to which it is not clear the Chinese have agreed to at the time of writing this article. Modi too is not going to the ASEAN conference, the likely reason being that he does not want to bump into Trump.

For their part the Chinese adopted a conciliatory stance. [*"China opposes decoupling from the U.S., Chinese Commerce Minister Wang Wentao said Friday."*](#) *"General Secretary Xi Jinping has stressed that dialogue and cooperation are the only right choice for China and the U.S.," Wang said*". As always, this befits the position of the pre-eminent industrial power whose competitive advantage is served by open markets and a stable international order.

The nature of the US retaliation is instructive. China's rare earth embargo which sent the US scurrying around the globe looking for alternative supplies, is in my estimation aimed at crippling the US military industrial complex, and stunting US rearmament. If this is the case, then China must believe that a military conflict is immanent. Here the Ukraine war looms large as does the conflict in Gaza, both of which have drained US arsenals. Trump has admitted the US is [*short of weapons*](#) in a recent meeting with Zelensky over the future of the Ukrainian war. *"I have been very good to President Zelensky and to Ukraine. ... If we are going to be short, I can't jeopardize the U.S."*

Although it is not clear what the [*new US embargo includes*](#), it must be assumed it is a go for broke embargo designed to cripple the Chinese high tech sector including aerospace. By degrees, China is slipping beyond the reach of the USA and decoupling. The US has only two Trump cards to play, civilian aircraft engines and lithography machines, the two most complex engineering challenges on the planet and the acid test for technological achievement. But even here, China is a couple of years away from being able to produce equivalent technologies. A local replacement for the imported CFM International LEAP Engine powering its locally produced C909 aircraft [*designated the CJ1000A*](#) is due for certification in 2027. There are rumours that in the event of China being cut off from [*Western engines, they will buy Russian ones instead*](#) as a stop gap measure. Similarly, Huawei's new EUV

lithography machine, which is already undergoing testing is on schedule to enter serial production within 2 years. ([This interesting article](#) analyses the complex progress China is making in developing its own advanced Lithography machines. It also provides the timeline for scaled up production.)

So, it seems not so much *Made in China 2025* as *Made in China 2027*. Once these and other technical milestones have been achieved, China will have decoupled from the West despite the assurances by the Chinese authorities that this is the last thing on their mind. The technology drive was emphasised in the Fourth Plenum of top CCP officials which concluded this week, and which set the themes for the next Five-Year Plan beginning in 2026. '[The readout](#) "signals a continued emphasis on investment — this time as a means to stimulate consumption — rather than a bold, direct push to expand consumption itself," Yue Su, Beijing-based principal economist for China at the Economist Intelligence Unit, said in a note.' All intentions considered, the next Five-Year Plan could be the one where China achieves parity and beyond, on all the major technical fronts.

The same cannot be said for the US which remains dependent on a whole range of industrial inputs from China. Thus, these slated embargoes must be seen for what they are, the last gasp attempt by a US Administration seeking leverage if not dominance over its primary adversary. While they are likely to fall short of expectations, they could still hurt the Chinese tech sector in the short run.

Taking everything into account, the embargo on rare minerals, peace in Gaza, a renewed attempt to end the war in the Ukraine, and we have the ingredients for a potential war as the US focuses on China, husbands its armaments and seeks to weaken China in advance, regardless of the economic fallout. The same is true of the EU as well, who are also subject to magnet and rare earth restrictions. They have joined in the [embargoes against China](#), so this must be viewed as a concerted Western attack.

Most significantly, if this last gasp economic blockade fails to work, if US economic and technical muscle proves inadequate, then the US has everything to gain from going to war and everything to lose from not doing so.

The Ukraine.

The Ukraine continues to be the most significant and consequential strategic hotspot, the ongoing test of strength between East and West. Trump seemed to distance himself from this conflict only to snap back by offering Ukraine Tomahawk missiles, missiles able to travel thousands not hundreds of kilometres into Russia, therefore having the range to strike Moscow and St Petersburg. Whether Trump was ever serious about providing scarce Tomahawks or if it was simply a ruse to temp Putin into negotiations, is not known? What is known is that the threat represented a desperate President who has run out of options.

It seemed to do the trick at first. The Presidents of the two leading nuclear powers went on to speak at length on the phone. There was even talk of a summit in Budapest at Trump's initiative. To sweeten this summit, Trump withdrew his offer of Tomahawks much to Zelensky's disgust. Unlike the call to Putin, it was clear that the subsequent Trump Zelensky meeting at the Whitehouse was acrimonious when Zelensky refused any territorial concessions.

This was followed by a call between the US and Russian foreign ministers, Rubio and Lavrov. Rubio is a hardline neocon and Lavrov a consummate diplomat. Not a good mix. That the call went badly can be seen in this anodyne report on their call by the State Department. "[Secretary of State Marco Rubio](#)

spoke today with Russian Foreign Minister Sergey Lavrov to discuss next steps following the October 16 call between President Trump and President Putin. The Secretary emphasized the importance of upcoming engagements as an opportunity for Moscow and Washington to collaborate on advancing a durable resolution of the Russia-Ukraine war, in line with President Trump's vision."

Shortly after this call in which Lavrov reiterated Russian demands and refused to entertain an immediate ceasefire, the summit was called off and Trump reached once again for sanctions. The kind of Biden sanctions the Europeans and neocons had been pressing for some time, the sanctioning of Russia's two oil giants Lukoil and Rosneft responsible for most of Russia's seaborne oil trade. This sanctioning had a ripple effect, any shipper, insurer, financier and customer would automatically face economic and financial sanctions themselves if they bought any of this embargoed oil.

The result has been immediate. The oil price jumped 6% on the view that global supplies of oil would be interrupted. Incidentally that increase in the oil price threw a lifeline to [US shale oil companies](#) who were loss making at the earlier prices because the current [WTI break-even price](#) hovers around \$65. WTI, the US benchmark price jumped even more, by close to 7%. The rise in price can better be seen in the graph below which shows prices still below the crucial \$65 level.

Graph 1.

Crude Oil WTI Spot / US Dollar



The effect on customers was also immediate at least in India, the largest importer of Russian oil. [Rosneft and Lukoil](#) together supplied about 60% of the Russian oil purchased by India, said Prashant Vashisth, vice president at Moody's affiliate ICRA Ltd. The view is that refiners and importers will discontinue importing oil even at the cost of higher oil prices.

[The Chinese](#) have indicated that they will also stop importing oil from the two Russian majors. Such a public statement is to be expected but behind the scenes most of the 1.4 million barrels of oil imported daily is still likely to flow just as embargoed gas does. In fact, the opposite is the case. Little by little China is shedding its anonymous support for Russia. China and Russia signed the [Power of Siberia 2 Pipeline](#) deal in September. China continues to buy Russian gas despite the threat of US sanctions. Visa travel between the two countries have been abolished. Russia is supplying more equipment to China and payment pipelines between the two countries have been strengthened. It is likely that Chinese support will outweigh US restrictions.

Trump evidently believes this embargo will bring the Russian economy down. He is on record as saying repeatedly that the [Russian economy is on the verge of collapse](#). What is true is that with these

sanctions, relations between the Whitehouse and the Kremlin have reached their lowest point since Trump assumed office. Reports from Moscow indicate it is not only politicians but the general population who are expressing not only anger but actual disgust towards Trump and his grandstanding deviousness. Europe too has levied sanctions on China aimed at supporting Ukraine, forcing China to issue [a strong condemnation](#) of the European Union's latest sanctions package, which targets several Chinese entities for their alleged links to the war in Ukraine.

In the meantime, the advance by the Russian Army is relentless. The biggest single battle of the war in and around Pokrovsk is ending with its capture by the Russian Army. So too Kupiansk. Liman another strategic town near Seversk is being surrounded leaving only the cities of Kramatorsk and Sloviansk in the Donetsk Oblast outside of the immediate firing line. Russia now occupies eighty percent of Donetsk and all of Luhansk. In Zaporozhye the Russian army advances daily and in Kherson the Russian have crossed the Dnieper. It is clear the tempo of Russian advances is increasing as Moscow throws more troops and munitions into the conflict seeking an earlier victory.

The losses on the Ukrainian side are catastrophic. This is a cruel war as only proxy wars can be, because the foreign paymasters will not accept any surrender knowing they can walk away at any time shedding responsibility and without being held to account.

Israel and Iran.

The *3,000-year-old Trump Peace Plan* in Gaza remains in place. Despite the numerous Israeli violations and the killing of dozens of Palestinians since October 10th, both Vance and Witkoff expressed satisfaction with the progress of the plan. "[Mr Vance, who visited with top US envoys](#), said the fragile ceasefire is going *"better than I expected."* US envoy Steve Witkoff added that *"we are exceeding where we thought we would be at this time"*. It is clear that the Whitehouse wants the Plan to hold in order to rebuild bridges in the region and ward off Chinese influence and diplomatic advances.

In addition, while Vance was in Israel, right-wing hardliners in the Knesset sought to strain the relationship between the US and Israel by voting to annex the West Bank. "[US Vice President JD Vance criticised a symbolic vote in Israel's parliament on Thursday regarding the annexation of the occupied West Bank, calling it an "insult" that went against the Trump administration's policies.](#)" This decision was also criticised by the co-signatories of the Gazan Peace Plan. Once again it is clear that Washington is asserting itself by showing who is boss.

The United States can no longer afford for Israel to be bogged down in the most concentrated and possibly successful guerilla war in history draining not only Israel but the USA itself. The Whitehouse has come to a determination that unconditional support for Israel enabling it to pursue genocide is outweighed by the need to recoup the diplomatic initiative in the region and roll back Chinese and Russian diplomatic advances. In any case Israel is to be preserved for the inevitable conflict with Iran.

Gaza has no geo-political significance for the USA, Iran and Yemen do because they straddle the vulnerable sea and trade routes linking the Mediterranean Sea with the Indian Ocean. Should these trade and sea routes be interdicted, should Europe be separated from the South China Sea, this will degrade any US assault on China. For this reason, Israel is being kept in the fridge preserved for the day it will have to launch an all-out offensive against Iran, an event which is likely to cause the destruction of the State of Israel itself. But then, when a country agrees to be a lackey of Imperialism, they must be prepared to pay the ultimate price.

Iran for its part believes another attack is imminent. All foreign delegations to Iran for the next few weeks have been refused entry because Iran claims it cannot guarantee their safety. As expected when facing another potential conflict, [grandstanding is always a good deterrent](#). This is what Brigadier General Mohammad Reza Naqdi, deputy coordinator of the Islamic Revolution Guards Corps has just done. He claimed Israel had hardly scratched their missile forces during the 12 Day War and that Iran's indigenous anti-missile systems performed exceptionally well. He also made the point that Iran not only fought Israel but NATO as well, mirroring NATO involvement in the Ukraine, despite the Atlantic Ocean lying thousands of miles away from Iran.

In support of this stance many other Iranian military commanders boasted that its armed forces mainly used its older missiles in the war and warned that next time Israel would face a flood of its newest missiles. If true, even these predominantly older missiles were sufficiently potent for Israel to seek US help to continue the war on day four, and when Iranian missiles [doubled their rate of penetration](#) in the second half of the conflict, Israeli had no choice but to appeal to Trump to end the war.

As I have said previously, I assume that any attack on Iran would represent the opening salvo of the war with China. Of course, the Pentagon may wish to prove they can take out Iran prior to such an attack thereby proving an attack on China is feasible. But I believe an attack on Iran is not imminent. In the meantime, both [Russia](#) and [China](#), with planes, anti-aircraft batteries, electronic warfare systems and missiles are strengthening Iran's military capacity beyond what it was when Israel attacked earlier this year. The issue of fighter jets to Iran has particularly worried Israel as Iran hitherto had only possessed obsolete second and third generation fighters.

The US Economy.

Trump in line with other unpopular political rascals is strutting the world stage to distract from the fires at home. And those fires are burning his popularity as [Trump's approval rating](#) heads for its lowest point in both terms. *"Worst economic net approval ratings at this point among presidents since 1977," Enten said. "... Look at this. He's the worst for any presidency at this point. How about the second term? ... He's the worst for any president at their second term at this point,"* And it will only get worse when the recession impacts more and more North Americans, and when he aggravates this by making comments such as abolishing [Social Security and Medicare](#) or when he spends [\\$300 million remodelling the Whitehouse](#) while Foodbank queues lengthen. This is truly an out of touch President.

The [government shutdown](#) also does not help as it approaches its fourth week making it the second longest shutdown in US history. Many Federal workers laid off are now having to resort to [Food Banks](#). The mushrooming Federal Debt overshadows the government shutdown. *"As the federal government remained shut down, the United States' gross national debt reached a record US\$38 trillion on October 22, underscoring the rapid pace at which the nation is accumulating debt. This marks the fastest rise of \$1 trillion in debt outside the COVID-19 pandemic era, after the national debt hit \$37 trillion in August this year. The new \$38 trillion figure comes from the Treasury Department's latest daily report on the country's finances."* Gross Debt is now 123% of GDP.

And this debt is falling on an economy that is stagnating, beginning to slide into recession and sinking into a financial quagmire. This is confirmed by my analysis below of freight and packaging data. It shows the volume of goods are flat to falling yoy between Q3 2025 and Q2 2024. And notably this is not a new event, volumes in this "resilient" economy have regularly been shrinking for eight quarters.

[Dow Chemicals](#) packaging division saw volumes fall by 1%. The same applied to the [Packaging Corporation of America](#) one of the few large packaging companies to report Q3 earnings. *"In the Packaging segment, total corrugated products shipments from the legacy PCA business were down 2.7% per day and down 1.1% overall compared to the third quarter of 2024, with one additional workday in 2025."* These are the only two packaging results released so far. [Union Pacific Railroads](#) shipments yoy were flat. [Norfolk Southern](#) shipments were up 0.9% lifted by autos. [CSX Railroads](#) shipments were down 2%. In terms of truck freight [FreightWaves](#) continues to report weakness in the industry with tender volumes down 20% yoy. [Knight-Swift](#) trucking saw miles covered fall by 2.3%. Similarly [Covenant Logistics](#) was down 2.2%. [JB Hunt](#) the largest trucking company not only saw significant falls in every sector, but the falls were sufficiently large for the company to reduce the number of trailers it owns by 4%.

The net result of this weak goods market is a deterioration in financials as this report from a factoring company shows. Factoring occurs when companies are short of cash and pre-sell their invoices. *"But the [weak freight market combined with other economic ills](#) is resulting in factoring companies now finding themselves waiting longer to get paid by whoever hired the carrier in the first place, according to Bryan Alsobrooks, president of factoring company Phoenix Capital."* *"We've seen a number of shippers that have just unilaterally decided to extend from net 30 (days payment) to net 45 to net 75 to net 90, even some to net 120," Alsobrooks said. "So they're trying to play the cash flow game."*

This is part of the growing financial crisis beginning to break out as the economic fundamentals deteriorate behind the back of Wall Street whose eyes remained fixed-focused on AI. For the first time since 2008 Rating Agencies are being criticised for mispricing risk. This applies particularly to corporations involved in the mass markets rather than the luxury sector.

Weakness is evident in the housing market as well. [DR Horton](#) the biggest housebuilder saw revenues fall by 7.5%, homes closed fall by 4.2% and average prices by 5.5%. Proctor and Gamble's volumes were flat. Coca Cola's volumes were flat, but [Pepsi's](#) were down 4%. Given that volumes in the North American and European markets are flat to falling, it's quite remarkable that the S&P 500 is showing a 9.2% rise in earnings according to the latest [FactSet Report](#) even when we consider that profits in Q3 2024 were relatively weak. Unfortunately the BEA's report on produced profits rather than reported profits, as above by FactSet, is months away due to the government shutdown.

Conclusion.

In April Trump announced his reciprocal tariffs on countries, volcanoes and Gannets. That marked the end of the beginning. What Trump is initiating now is the beginning of the end. The make-or-break moment for US dominance.

His bullying tactics has had some successes, but not with his two primary rivals Russia (who were not tariffed) and China. In fact, closer examination shows that Trump overestimated the US's ability to act as an enforcer while underestimating the capacities of his rivals. This became clear when US dependencies on industrial imports (inputs) became too apparent to be ignored even by a man disorientated by hubris. Trump gives new meaning to; one stumble forward two stumbles back.

In most cases Trump has been outplayed by Putin and Xi hence the vacillations and backtracking. But the point has been reached where this has become intolerable, forcing Trump to play his ultimate cards. Significantly, if Trump fails to get concessions from Xi and introduces the set of embargoes mentioned, it proves for the first time that he is willing to allow the US to experience immediate collateral damage, the kind of damage he previously sought to walk back. Even with tariffs there have been so many loopholes and concessions for inputs, rather than consumer goods, that they have left US industry relatively unscathed. This is proven by the gross margins on balance sheets being relatively unscathed. The only damage done to US business has been the loss of market share in China due to its technical advancement.

It was always going to be the case that Trump or any other US president would go for broke with sanctions before resorting to war. Over the next week or so we will find out whether his on-off meeting with Xi prevents a new round of sanctions. Up to now China has played for time knowing time was on its side - time to catch up. This meeting will reveal if time is up for China.

If sanctions and embargoes do not halt China's continued advancement, war becomes more probable. One thing is certain, China can decouple from the US, China can outclass the US industrially and finally China will soon match every US technical standard, this being so and war becomes inevitable, this time it won't be the Japanese who will deliver their declaration of war, late, this time it will be the USA.

We have reached a critical conjuncture, a knife edge. If the Chinese do not capitulate next week, if the US cannot prevail next week, then the stage for conflict will have been set. When capitalists go to war, they always look over their shoulder fearful of their workers rebelling against their war. The more advanced and cultured society, the greater the likelihood of this. These advancements were manifest during the pandemic when the material and social conditions of society forced them to provide significant financial support.

For our part we must ensure this happens, that the capitalists get a sore neck at least. We must turn the international solidarity movement supporting Palestine into a mass anti-capitalist war movement. The capitalists are already burning this planet through climate change we cannot allow them to freeze it through nuclear war.

Let our governing motto be:

***ALL THAT CAPITALISM OFFERS
IS SCORCHING SUMMERS
OR NUCLEAR WINTERS.***

Brian Green, 25 October 2025.