

Pepe Escobar: Coalition COLLAPSES in Hormuz, End of the Petrodollar?

The interview argues that efforts to build a foreign naval coalition in the Strait of Hormuz are failing, as key allies see the risks as too high. It claims Iran is restricting passage mainly for U.S., Israeli, and hostile-linked shipping while cutting selective deals with others. The discussion frames this as both a military and financial turning point, warning that prolonged disruption could weaken the petrodollar, strengthen alternative energy trade systems, and deepen global economic instability, while making the conflict harder to contain.

#Nima

What Donald Trump was asking—somehow begging, if I can put it this way—was for other countries to join him in the Strait of Hormuz to facilitate, you know, the passage of tankers through the strait. So far, what we've learned from Germany—I'm quoting the German government—is that Trump expects from a handful of European frigates what the powerful U.S. Navy itself can't do. "This is not our war, and we didn't start it." Australia said, "We won't be sending a ship to the Strait of Hormuz." The United Kingdom said reopening the strait is not a simple task and that it will not be drawn into a wider war. France said there is no question of sending any vessels to the Strait of Hormuz. Japan said circumstances do not warrant military participation. And when it comes to China—no comment. What is happening, Pepe? Because Donald Trump somehow thought at least he could make some political move, if not a military one. But it doesn't seem that will be the case. What's your understanding of that?

#Pepe

Well, even if most of these governments you listed are nearly brain-dead, they're not totally dumb. They have at least some analysts or people in their foreign offices who have a basic idea of what's really going on in the Strait of Hormuz. And of course, if they're monitoring what Foreign Minister Arakchi, the leader of the Majlis, Qalibaf, and several layers of IRGC officers are saying, they understand that the Strait of Hormuz, for all practical purposes, is not blocked—but it is blocked for any ship with U.S., Israeli, or otherwise hostile interests, which basically means the whole of NATO, against Iran.

It's open for everybody else, and everybody else can pick up the phone, write a letter, contact the Iranians, and try to come up with a deal—which is, for instance, what the Bangladeshis did. You know, oil tankers and gas tankers going to Bangladesh now have free passage. India is an immensely complicated story. Only a few—if I'm not mistaken, only two—Indian tankers so far have gotten free passage, but that was a tit-for-tat deal concerning Iranian tankers that were stranded

somewhere in or near India. That's a different story. So this will probably be negotiated case by case. After the betrayal of Iran by India—well documented—there were strong reactions from some of the best Indian scholars, military analysts, and diplomats who are not aligned with Modi and the BJP. They are appalled.

They said that Indian foreign policy has simply disappeared, and now, obviously, our dreams of being the leader of the Global South have vanished. And, of course, the West as a whole—it won't be open for the West, period. There's not even any negotiation involved. So these governments, once again, if they're not completely brain-dead, know that if they join this hastily thrown-together, not-even-organized Trump flotilla to "liberate" the Strait of Hormuz, they're heading straight into a massive black void—which will include, of course, lots of casualties for their strike force. So this isn't going to move. And the desperation of "Neal Caligula"—we could call him "Neal Crassus" as well.

I'm working tomorrow on a column comparing Crassus with Trump, even though Crassus wasn't an emperor—he was a member of the triumvirate. But their psychology is the same. They know this is absolutely impossible. And obviously, in the small circle that actually talks to Trump and that he listens to—which is probably no more than five or six people, maybe ten if we're exaggerating—there are people in the Pentagon with real, even if limited, war experience, or independent analysts, former CIA analysts, for instance. He doesn't listen to these people, even some who used to be in contact with him, like Colin McGregor. Trump only listens to people feeding that massive amount of fake news coming from Fox News and people like Hexer.

No, no, not Hexer. Let's rearrange this. The push-up clown, the Christian Zionist posing as secretary of forever wars—that's what the head of the Pentagon is now in this administration. Rubio, Gusano Rubio, who couldn't point to Iran on a map, in fact. And that's it. He's already sidelined J.D. Vance and Tulsi Gabbard, members of his own administration. So he only listens to sycophants and vassals—people with an extremely limited, I'd say less than zero, understanding of what's happening on the battlefield at the moment, not to mention how the Iranian system works and how it's functioning under the new Supreme Leader, Morsaba Khamenei.

So we're going to be following this new plot twist for a while—assuming the Americans are able to mount a strike force, and assuming they can send this strike force from somewhere in the Arabian Sea toward the Gulf of Oman and the Persian Gulf, or from the Red Sea, crossing the Bab al-Mandeb, and then moving closer to the Persian Gulf. So it's a series of ifs—one more lethal and volatile than the other. The key, the absolute key issue, Nima, which is the theme of my next column—going to be published in **The Cradle** probably tomorrow; I've already sent it, but it takes a while for them because they have to translate it into Turkish and Arabic.

So it takes a while, so it's usually published the next day. This is the lethal blow against the petro-UN. And that's what's driving not only Neo-Caligula or Neo-Crassus, but the sycophants around him—and especially the American elites in the background who gave the go-ahead for this war. Because if this goes on for a few more weeks, it's the beginning of the end of the petrodollar. And that means it'

s the beginning of the end of the unilateral hegemonic empire ruling over most of the planet. That's where we are now. Some people, at least in the U.S., are realizing how high the stakes are. There's no turning back. And this is what we hear from the Iranians day after day—even if Trump would, even if, which we know isn't going to happen, he's a prisoner in the labyrinth of his own hubris.

So he cannot back down. He cannot admit that he lost his bet. Even if, in the next few days, he were to say—obviously in one of those interminable, rambling posts—“Okay, we won. We won. We decimated everything. Their air force, their navy—we were decimating Iran. So I proclaim victory, and that's it, that's the end.” This would not be the end, because Iran would continue. And all the U.S. interests—in Israel, Israel itself, and all across West Asia—would continue to be attacked by Iran. So there would be no ceasefire. And now Araghchi is saying it bluntly: no ceasefire. So everybody with an IQ of 10 can understand the Iranian position. There's no way out for him. And that's the problem, Nima. He's going to get even more dangerous than he already is.

#Nima

Yeah. Pepe, you mentioned something really important, in my opinion—the shift from the petrodollar to the petroyuan. It's a financial nuclear move, I would assume. It's not something small enough to ignore. It's huge, what's going on, and what the outcome of that might be. How do you see it? Because for many years we were talking about—at least from my understanding—that if the United States wanted a strategic partner in the Middle East, in West Asia, that would be Iran, for example. But that was never the American agenda, because U.S. foreign policy is run by the Israelis, by Netanyahu in Israel.

That's why I think we're still far away. We can't ignore that. The United States is not going to change its attitude. It's going to great lengths to destroy Iran and break it down into provinces. And you see a new partnership coming out of the conflicts, both in Ukraine and in the Middle East. This is a partnership that goes beyond an alliance, Pepe. It's not like what we saw with the G7 or with NATO. It's something different, of a different nature. How do you understand this kind of partnership that's taking shape? I think it's strengthening.

#Pepe

This is what I explained briefly in this column. This may be, let's say, a pre-column to a much deeper essay later on, as the war progresses, of course. But the key—one of the key points I had to restate all over again—is how the petrodollar is an absolutely massive scam that the Americans thought would last forever. The deal was imposed on the Arabs in 1974, after the oil shock of 1973. It's a very simple scam, but immensely effective for the hegemonic power. They forced the GCC and OPEC, and that's continued since 1974: you have to buy and trade your oil and gas only in U.S. dollars. That's it. Nothing else is allowed. Thus the name “petrodollar.”

And you invest all your profits, all your surpluses, in the American economy. You can buy U.S. Treasury bonds, you can buy stocks. Nowadays, especially, you can finance our tech—our big tech investments in the U.S. So they have that whole tsunami of funds coming from the GCC countries into the American economy. That props up the dollar, keeps it as the reserve currency for the whole planet, and finances the military-industrial complex. Very, very important. These forever wars are now being, theoretically, supervised by the Secretary of Forever Wars—the push-up clown, the Zionist Christian. They are financed by the GCC, essentially, and other OPEC contributors.

And, of course, the most important thing is that this whole tsunami of cash bails out the U.S. from paying its unpayable debt, which is now \$40 trillion. So it's a beautiful, mafia-style scheme. It's been working almost like clockwork since 1974. So what do we have now? That's the beauty of the whole thing—it's also very, very simple. Iran, with one move—and that's why I say it's financially nuclear—didn't need a nuclear bomb or thousands of Khorramshahr-4 missiles to change the rules of the game vis-à-vis the petrodollar, just like that. If you block the most important choke point of trade on the planet, where 20% of the world's oil moves every day, 24/7, 365 days a year, you change the rules of the game.

It's like Iran installed a toll gate system at the Strait of Hormuz. You don't see the toll gate—like when we're driving on the highway. They're like, "Okay, ten minutes, get ready, your credit card, your pass, or whatever." No, there's an invisible toll gate. And it was fascinating—there was footage from an Iranian reporter yesterday. He was sailing through the Strait of Hormuz, and he shows in the video the exact line that tankers cannot cross. And if they cross, automatically the IRGC sends drones against them. This is an absolutely fascinating piece of footage. So that's it—you install your invisible toll gate, you tell your friends, "Okay, you just call us, we make a deal, and your ships can go."

With China, it's more than obvious, because the deal has been in place for days now. In the case of Bangladesh, there were negotiations. In the case of India, it's on a case-by-case basis. And with everybody else, it's going to be case-by-case. But if you're from the U.S., aligned with Israeli interests, or from a NATO standpoint, that's it—forget it. It's blocked for you. So no wonder there are apparently more than 700 LNG tankers stranded on both sides of the Strait of Hormuz as we speak—and there are going to be more, certainly. With one move, they turned the insurance industry upside down. No insurer will cover any tanker crossing the strait, because they know it's suicidal. In terms of the effects on the western part of the global economy, it's a tragedy.

In terms of the effects on the Asian side, it depends on how they're going to deal with Iran, for instance. South Korea and Japan may approach Iran and try to make a deal. It's still too early to tell. We don't know. Probably Japan won't do it, because Japan is a vassal colony of the United States. South Korea—it's different. And in terms of China, there's no problem, because China continues to

receive oil and gas from Iran; they struck a deal a few days ago, and this is part of their 25-year comprehensive strategic partnership, where Iran sells energy and China invests in building infrastructure in Iran. But the game—the petrodollar game—is already turning upside down.

And you have the whole Global South paying attention and getting the message. We got the message: if we deal with the Petro-Yuan, it's all right for everybody—for us, for China, for Russia, for Iran, for BRICS, you name it. And that's it. That's going to be the new name of the game. So when the Americans look at that, Nima, no wonder they're freaking out. They haven't freaked out like this since—I don't know—forever. That's it. This is, in a nutshell, what's going on now. And this is why the move to block the Petro-Iran in one choke point—the choke point that matters most for the global economy—is much more serious than any military defeat that Iran might inflict on Israel or the U.S.

#Nima

Pepe, when it comes to Israel, I think the question is how long Israel can sustain this war. Looking at what's happening with Iran—every time they come out with that kind of rhetoric, like when Donald Trump says, "I'm not going to negotiate with them, we're going to keep attacking Iran"—he said that recently. And, you know, a reporter asked the Iranian foreign minister whether Iran is prepared for a ceasefire or negotiations. Here's what Arash said.

#Speaker 03

Exactly. This weekend, he's not ready to make a deal with Iran because the terms aren't good enough yet. His administration is saying this war could last another three and a half weeks or so. Has Iran asked for a ceasefire?

#Speaker 04

No, we've never asked for a ceasefire, and we've never even asked for negotiations. We're ready to defend ourselves for as long as it takes. That's what we've done so far, and we'll keep doing it until President Trump realizes this is an illegal war with no victory. And, you know, people are being killed only because President Trump wants to have fun. That's what he said.

#Nima

Yeah. The main point, Pepe, is that even if you follow the Persian media, you don't see any sort of rush in what's going on. They're so well prepared, so patient. They don't feel the need to end the conflict quickly, you know, like Donald Trump tries to do as soon as possible. They're very comfortable. They're confident they can continue this war as long as it takes. On the other hand, you don't see that kind of confidence in Israel. I don't know how much you follow the Israeli media, but there's a lot of desperation coming out. And right now, nobody knows where Benjamin

Netanyahu is. He hasn't been seen, and we've seen two AI videos. I don't know how to interpret that—maybe he's hiding somewhere, or maybe he was killed in an operation. Nobody knows what's happening right now. Nobody knows. Crappy AI videos, right? Yeah, exactly.

#Pepe

A zillion people on the net have pointed out all the discrepancies in both videos so far. There are probably going to be more. They don't even bother to make something convincing, which shows they must be, you know, submerged in all sorts of chaos around them. Look, it doesn't matter what Trump says anymore, really, because it's just rambling—an accumulation of fake news and lies. Accusations, racism... when he talked directly about the "bad DNA" in Iran, he insulted the entire population of Iran and the Iranian diaspora as a whole. So this is as cheap and as low as it gets. How low can Trump go? He can go lower than anybody. In fact, it's the only thing he knows how to do.

And never backing down, because that's how he learned to conduct business from his mafioso masters in New York and New Jersey. So that's irrelevant. What's not irrelevant is his command of extremely destructive power. There's no question. Even the Americans, even with all their losses, are immensely violent and immensely destructive. And of course, it's no wonder that the unthinkable is resurfacing here and there and everywhere—that is, resorting to tactical nuclear weapons or even a nuclear weapon, either from the U.S. or from Israel, or both. If it happens, we will obviously be concerted. That's why it's so dangerous, because you're dealing with an irrational megalomaniac, totally cornered. He brought this on himself.

He cannot throw his bunch of ultra-mediocre sycophants or whatever under the bus. First of all, because nobody believes him. He made the ultimate decision. Since we cannot trust anything coming from American media—whatever that is, The New York Times, The Washington Post, The Wall Street Journal, Axios—all of them lie for business. And they lie to protect their assets, to protect their jobs, to protect their position inside the economy. The MICIMATT—Military-Industrial-Congressional-Intelligence-Media-Academia-Think Tank Complex—in the definition of our friend Ray McGovern. So you cannot trust anything they say. Sometimes they leak stuff that may be closer to the truth, like some people may have told Trump what he was getting into before the war.

It's possible. Certainly not Tweedledee and Tweedledum—the immensely stupid Witkoff and Kushner. Certainly not the Christian Zionist Secretary of Forever Wars. Maybe some other people, not named specifically, who warned him, "Don't do that." But now it's too late. It's too late, and there's no way out. So now we keep coming back to hubris going up nonstop, and there's nothing to stop it. Like we were saying before, even if he proposed a ceasefire and said, "I'm out," it doesn't matter, because the effects are already rolling—the negative effects for the whole global economy, the negative effects for U.S. interests all across West Asia, the negative effects for Israel, which could easily be raised to parking-lot level by Iran within the next few months—two, three, four months—if this keeps going on.

The effects are already there. Even minor ones, like the chihuahuas all yapping, "No, we're not going to join your strike force to liberate Hormuz. We don't want to get killed ourselves." We can say this with a comic tinge because it is comic. And obviously, he gets even more enraged because he says, "No, look, I helped you, NATO, in Ukraine. Now you have to help me, the U.S., in Iraq." It's a completely different story—completely different. The U.S. didn't help shit in Ukraine. NATO is controlled by the U.S. The war in Ukraine is a NATO war against Russia, a proxy war, where NATO is controlled by the U.S. That's how it works. Anybody in primary school knows that, you know.

#Nima

I think the key point is from Germany, Pepe, because they said, "What else can we bring to the table?"

#Pepe

Basically, he's saying, "I'm a little chihuahua here in Europe. I have nothing to offer you." It's humiliating for a former great trading power that wanted to become one of the leading three or four superpowers of the world, now reduced to the status of a mere sobbing chihuahua. It's pathetic. They deserve it. They also brought this on themselves.