With “economic D-Day” against Iran, Washington escalates conflict with China

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The Trump administration on Monday launched what Treasury Secretary Scott Bessent called an “economic D-Day” against Iran—a campaign of secondary sanctions aimed at every country, bank and company that trades with Tehran, above all China, which took roughly nine-tenths of Iran’s oil exports before the US blockade choked them off.

Six months of US and Israeli bombardment, which killed at least 3,468 people in Iran by June 10, has not brought down the government in Tehran, and most shipping still avoids the Strait of Hormuz. The administration is now carrying the war into the world economy, on a course that leads to confrontation with China.

The campaign Bessent announced at a Washington press conference Monday adds shipping, gold, digital assets, aviation and technology to the sectors covered by US secondary sanctions, which already reach Iran’s oil and banks.

Among the nearly 60 companies, people and ships sanctioned Monday are trading and logistics firms in China and Hong Kong and entities in Singapore, the United Arab Emirates, Malaysia, Switzerland, Britain, France, Greece, Syria, Ukraine and the Marshall Islands, according to *Al Jazeera*’s tally of the Treasury list.

“Every country has a defined timeline to shut down activities we have identified,” Bessent said, without naming them. China, India, Turkey, Iraq and the UAE are the most exposed, experts told CNN.

Asked by reporters whether Chinese banks would be hit, Bessent replied that “no one is above the reach of US sanctions” and said to expect “a major announcement of a financial institution being sanctioned by the end of this week.”

President Donald Trump set the campaign in motion with a Truth Social post last Wednesday. “ANY country that allows its financial institutions, businesses, airports, or government entities to provide any type of lifeline to Iran will itself face TREMENDOUS Economic Consequences,” he wrote.

Bessent followed on CNBC on Thursday, calling the campaign “a one-two punch” of blockade and sanctions and saying that Washington was telling other governments, “You’re either with us or against us.” He added, “Keep in mind that the Chinese get 50 percent… of their energy from inside the Gulf.”

Three days before the announcement, the *Wall Street Journal*’s editorial board, in a lead editorial printed Saturday, made clear that the central target is China. “After six months of war with Iran, President Trump has a credibility problem,” it wrote. “No President has yet climbed the Iran sanctions ladder with China, moving from the isolated ‘teapot’ refineries that buy Iran’s oil to the Chinese state-owned enterprises that support them. Nor has any President given Dubai an ultimatum to shut down Iran’s illicit financial network and meant it.”

The editorial’s final paragraph warned that “Iran may lash out militarily in response, targeting Gulf energy again, and the US will have to be ready with a firm response.”

The *Washington Post*’s editorial board wrote Monday evening that delivering Bessent’s “zero-leakage approach... will require picking a big fight with China, the largest buyer of Iranian oil.” The editorial noted that US sanctions so far have fallen on “independent refiners and intermediaries rather than major Chinese banks or state-owned companies.”

The *Post* continued: “The Trump team cannot help but describe its recalibrated approach in martial terms... But D-Day evokes a military campaign with a clear objective: the enemy's unconditional surrender. Economic pressure rarely works that way... That's why containment is not really about regime change. Its immediate goal is to make an already battered Iran weaker so that it's less capable of threatening its neighbors and developing nuclear weapons."

This is a testament to the deepening political crisis triggered by the failure of US imperialism to achieve its strategic objectives in its war against Iran.

The war was conceived as a means of seizing the chokepoint of the world's oil supply and gaining a decisive advantage over China. Instead, the United States confronts a political debacle, and it is China's position that has been strengthened.

The sanctions campaign is an attempt to recoup by economic force what could not be won by bombing, and it aims that force at Beijing. Washington has paused the bombing since late July but has not renounced it; Defense Secretary Pete Hegseth said Monday that "by no means are we foreclosing using kinetic strikes anywhere in the Strait of Hormuz or around Iran."

The war the sanctions are meant to salvage began on February 28, when Washington and Tel Aviv started the bombing. A cease-fire in April and a June 17 memorandum with Tehran lifted the blockade and let Iran export oil until Washington broke the arrangement in early July by sending ships through a route in the strait to which Iran had not agreed. When Iran fired on the ships the US struck back, and on July 8 Trump declared the cease-fire over. The blockade was reimposed. On August 17, the day the memorandum expired, Trump said of Oman, with which Iran is negotiating a shipping corridor, "If Oman gets in the way, we'll bomb the shit out of them."

To "sever every economic lifeline" of Iran, as Bessent put it, means to sanction the Chinese refineries, shipping companies and banks that buy and move its oil, and behind them the Chinese state. Behind the refineries stands the largest manufacturing economy in the world, whose trade in raw materials and finished goods a "zero-leakage" sanctions regime would have to police.

Chinese Foreign Ministry spokesman Lin Jian said at a briefing Tuesday that "China will do everything necessary to firmly safeguard its rights and interests." Asked by Bloomberg whether China would change course, he said its cooperation with Iran "should not be disrupted." Beijing, the *Financial Times* reported Tuesday, has told Washington that any broad extension of the sanctions to Chinese companies will bring retaliation.

Asked on Monday why the sanctions were not being imposed at once, Bessent replied: "Well, we are giving everyone the opportunity to remedy bad behavior. Why would I want to blow up the global financial system?"

Bessent's statements are an admission of the provocative character of US actions. Desperate to shore up its geopolitical position, it is taking a series of increasingly reckless and desperate steps, whose impact is to widen the global scope of the war.

The *Financial Times* wrote in an editorial Tuesday that the operation "seemed more like a series of warning shots fired from far offshore," and concluded that it "amounts to another risky gamble on a road that, for both sides, ultimately has to lead back to the negotiating table."

However, the sequence Washington has followed does not lead to a negotiating table. It leads to a widening global conflagration, centrally targeting Russia and China.