

INDIA AND THE WORLD ORDER:

Strategy, Security, and Diplomacy

(India's Contribution to Shaping Global Discourse in the 21st Century)

Edited by

Dr. Virendra Chawre

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BlueRose ONE .com
S t o r i e s M a t t e r

New Delhi • London

BLUEROSE PUBLISHERS

India | U.K.

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ISBN: 978-93-7542-389-8

Cover design: Ajay Dhyani

Typesetting: Sagar

First Edition: October 2026

Dedicated with profound respect to



Dr. Deepika Gupta

Professor and Former HOD

*School of Studies in Political Science and Public Administration,
Samrat Vikramaditya Vishwavidyalaya, Ujjain (MP)*

Respected Ma'am,

On your retirement on 31st August 2026, after nearly four decades of dedicated service, I humbly dedicate this volume to you with deep respect and gratitude.

Your wisdom, simplicity, kindness, and ever-helpful nature, along with your constant encouragement and guidance to scholars, have always been a source of strength and inspiration. Your thoughtful guidance and enriching conversations on contemporary national and international issues have encouraged us to think deeply, broaden our perspective, and look beyond the obvious.

Your guidance and the values you have shared will remain a lasting inspiration throughout our academic journey.

With sincere respect, gratitude, and warmest wishes for the fulfilling years ahead.

—Dr. Virendra Chawre

Preface

The contemporary international system is undergoing a significant transformation. Changes in the distribution of global power, intensifying geopolitical competition, evolving regional alignments, economic uncertainties, technological developments, and emerging security challenges are reshaping the nature of international relations. In this rapidly changing environment, India has assumed an increasingly important position in global affairs. Its growing engagement with major powers, neighbouring countries, regional organisations, multilateral institutions, emerging strategic partnerships, and new domains of economic and technological competition has made India's foreign policy an important subject of contemporary scholarly inquiry.

It is against this backdrop that the present edited volume, *“India and the World Order: Strategy, Security, and Diplomacy,”* has been conceived. The volume seeks to examine India's evolving position in the changing world order and to bring together scholarly perspectives on the strategic, diplomatic, economic, regional, technological, environmental, and security dimensions of India's engagement with the international system.

The central concern of the volume is to understand how India is responding to a world characterised by changing power configurations and increasingly complex interdependence. India's foreign-policy choices are influenced not only by relations with individual countries but also by wider developments such as great-power competition, regional conflicts, multilateral institutions, strategic groupings, energy and resource security, technological transformation, climate change, trade, and emerging forms of geopolitical competition.

The contributions in this volume therefore seek to examine different aspects of India's external engagement while situating them within the broader context of the emerging world order.

The volume is organised into five thematic Parts.

***Part I, “India and the Evolving World Order,”** provides a broad strategic perspective on India’s position in contemporary global politics. It examines the changing relationship among major powers and its implications for India, contemporary conflicts involving the United States, Israel and Iran, and the growing significance of geopolitics and technology in the pursuit of national interest.*

***Part II, “India’s Bilateral Relations and Neighbourhood Diplomacy,”** focuses on India's relations with neighbouring countries and major bilateral partners. It examines India's broader bilateral relations, India–United States trade relations, the historical evolution of India–Afghanistan relations, and the changing social and generational dimensions of India–Nepal relations.*

***Part III, “India’s Act East Policy, ASEAN and Central Asian Engagement,”** addresses India's expanding engagement with Southeast Asia and Central Asia. It examines the evolution of the Act East Policy, India–ASEAN relations with particular reference to energy and maritime diplomacy, and India's strategic approach towards Central Asia through the Shanghai Cooperation Organisation.*

***Part IV, “West Asia, Energy, Climate and Global Challenges,”** brings together studies dealing with important contemporary challenges in West Asia and the wider international environment. It considers the geopolitical significance of energy, trade routes and security in the Middle East, alongside the implications of climate change and the changing global order.*

***Part V, “Strategic Resources, Mineral Diplomacy and Technology Hegemony,”** focuses on the growing strategic significance of rare earth resources*

and their relationship with mineral diplomacy, technological capabilities, and the emerging competition for strategic resources.

The preparation of this volume received an encouraging response from scholars and academicians from various universities, colleges, and academic institutions across India. The submissions and expressions of academic interest reflected the wide-ranging scholarly engagement with contemporary issues concerning India's foreign policy, strategic affairs, international relations, regional diplomacy, security, technology, and the changing world order. The contributors whose chapters are included in this volume represent diverse academic and institutional backgrounds, including universities and colleges from different parts of the country. The chapters collectively reflect the multidimensional character of India's engagement with the contemporary international system. They move from the broader questions of global power and strategic competition to bilateral relations, neighbourhood diplomacy, regional engagement, West Asian developments, climate challenges, and strategic resources. This thematic progression is intended to provide readers with a structured understanding of the different forces shaping India's foreign-policy environment.

The present volume is not intended to provide an exhaustive account of every dimension of India's foreign policy or the emerging world order. Rather, it represents a selection of contemporary scholarly interventions addressing significant issues and developments that have direct or indirect implications for India's strategic interests and international engagement. It is hoped that the volume will contribute to academic discourse and encourage further research on India's role in the evolving architecture of global politics.

The editors further hope that this collection will be useful to researchers, academicians, teachers, students, policy scholars, and readers of International Relations, Political Science, Strategic Studies, Foreign Policy, Security Studies, and contemporary world politics. More importantly, it is hoped that the volume will stimulate continued scholarly discussion on India's strategic choices, diplomatic engagements, regional responsibilities, and evolving role in the emerging world order.

—Editors

Dr. Virendra Chawre

Dr. Sushil Kumar

Acknowledgements

The “*India and World Order: Strategy, Security, and Diplomacy*,” has been an academic collaborative effort supported and assisted by many individuals and institutions. We express our heartfelt gratitude to all the scholars, academicians, researchers, and contributors whose amazing research and intellectual viewpoints contributed to this volume. We would like to express our special thanks to the contributors for their cooperation and timely responses.

We express our heartfelt thanks to our guide **Prof. Deepika Gupta Ma’am**, who has provided us with her expert and scholarly guidance. Her commitment to cultivating scholars and encouraging the practice of academic inquiry has deeply inspired us. The publication of this volume was made possible owing to her guidance and encouragement.

We thank the Samrat Vikramaditya University, Ujjain, for the academic environment and institutional support extended in promoting research and academic activities at the University.

We sincerely appreciate our academic peers, well-wishers, and BlueRose Publishers for their support and assistance that helped to publish this volume.

We also acknowledge with gratitude the scholars who expressed interest in contributing a chapter but could not be included due to thematic and editorial limitations of the volume.

Finally, we also want to thank our colleagues, friends, and family for their patience, encouragement, and continued support.

We remain indebted to all those who, directly or indirectly, made this academic endeavour not only possible but also successful.

—Editors

Dr. Virendra Chawre

Dr. Sushil Kumar

Editor's Note

An edited volume is, in many ways, a conversation. It brings together different voices, perspectives and ways of looking at a subject that is too complex to be adequately understood from a single point of view. The present volume, “*India and the World Order: Strategy, Security, and Diplomacy*,” has emerged from that spirit of academic conversation.

India's engagement with the world is no longer confined to conventional questions of foreign policy and diplomacy. Developments in great-power relations, regional conflicts, economic competition, technology, energy security, climate change and access to strategic resources increasingly intersect with one another. A development in one part of the world can have consequences for India's economic interests, security calculations or diplomatic choices elsewhere. This interconnectedness makes the study of India's external relations both challenging and particularly relevant. The chapters brought together in this volume reflect this changing character of international affairs. They do not all approach India's position in the world from the same perspective, nor do they seek to arrive at a single interpretation of the country's foreign-policy choices. Instead, they offer different scholarly readings of issues that are connected by a common concern: how India is responding to a world in transition.

One of the strengths of an edited collection is precisely this diversity. Some contributions take a broad strategic view, while others focus on a particular country, region, institution, policy or emerging challenge. Some examine established diplomatic relationships and regional engagements; others draw attention to newer areas of strategic significance, including technology, energy, climate change and critical minerals. Read together, these contributions demonstrate that India's international engagement cannot be understood through bilateral relations alone. It must also be

viewed in relation to wider shifts in the distribution of power and the changing nature of global interdependence.

The editorial organisation of the volume therefore seeks to retain this diversity while providing a coherent route through the subject. The five Parts move broadly from the larger questions of the evolving world order to bilateral and neighbourhood relations, regional engagements, contemporary challenges in West Asia and the wider international environment, and finally the strategic importance of resources, minerals and technology. The arrangement is intended to help readers see connections between issues that are sometimes studied separately. At the same time, the chapters should be read as individual scholarly contributions. The views, arguments, interpretations and conclusions expressed in them belong to their respective authors. The inclusion of a chapter in this volume does not necessarily imply that the editors endorse every argument or interpretation advanced by its author. This is an important feature of an academic collection: scholarship is strengthened when different perspectives can be brought together, examined critically and allowed to engage with one another. In preparing the volume, an effort has also been made to maintain consistency in presentation while respecting the individual character of each contribution. The chapters have therefore undergone editorial scrutiny and formatting adjustments where necessary, but the substantive arguments and scholarly positions of the contributors have been retained. References, terminology, headings and other aspects of presentation have been reviewed with the aim of making the volume accessible and consistent without unnecessarily altering the authors' intended meaning.

The contributors come from varied academic and institutional backgrounds, and this diversity is reflected in the range of subjects addressed in the volume. Their contributions also demonstrate the continuing interest among Indian scholars in questions of international

relations, strategic affairs, diplomacy and global politics. We are grateful to each contributor for engaging with the theme of the volume and for sharing their scholarship with the wider academic community. We would also like readers to approach this volume not simply as a collection of separate chapters, but as a set of connected conversations. The relationship between strategy and diplomacy, security and economics, technology and geopolitics, energy and regional stability, or resources and national power is becoming increasingly difficult to separate. The chapters may therefore raise questions that extend beyond their immediate subjects and invite readers to consider the wider implications of India's choices in a rapidly changing international environment. The editors recognise that no single edited volume can capture the full complexity of India's engagement with the world. International politics continues to evolve, sometimes faster than scholarship can fully document it. New partnerships emerge, established relationships change, conflicts alter regional calculations, and technological and economic developments create new forms of opportunity as well as vulnerability. This volume should consequently be regarded as a contribution to an ongoing academic discussion rather than a final account of India's place in the world.

We hope that readers will find in these pages not only information and analysis, but also questions worth pursuing further. For researchers and academicians, the chapters may provide avenues for deeper investigation; for teachers and students, they may serve as useful material for classroom discussion and further reading; and for those interested in contemporary world politics, they may offer a broader perspective on the opportunities and challenges confronting India. Finally, we express our sincere appreciation to all the contributors whose scholarship has made this volume possible. We also acknowledge the patience, cooperation and academic commitment that accompanied the preparation of the

manuscript. An edited volume is a collective undertaking, and its completion depends upon the contributions of many people beyond the names that appear on its cover.

It is our hope that *India and the World Order: Strategy, Security, and Diplomacy* will encourage further dialogue, critical reflection and research on India's evolving role in international affairs. In a world marked by uncertainty and rapid transformation, understanding India's choices requires not only examining where the country stands today, but also asking where its strategic, diplomatic and international journey may lead next.

—Editors

Dr Virendra Chawre

Dr Sushil Kumar

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Abbreviations and Acronyms

<i>AEP</i>	<i>Act East Policy</i>
<i>AI</i>	<i>Artificial Intelligence</i>
<i>AITIGA</i>	<i>ASEAN–India Trade in Goods Agreement</i>
<i>ASEAN</i>	<i>Association of Southeast Asian Nations</i>
<i>BRI</i>	<i>Belt and Road Initiative</i>
<i>BRICS</i>	<i>Brazil, Russia, India, China, South Africa</i>
<i>CBAM</i>	<i>Carbon Border Adjustment Mechanism</i>
<i>COP</i>	<i>Conference of the Parties (UNFCCC)</i>
<i>CPEC</i>	<i>China–Pakistan Economic Corridor</i>
<i>CSP</i>	<i>Comprehensive Strategic Partnership</i>
<i>DPI</i>	<i>Digital Public Infrastructure</i>
<i>EU</i>	<i>European Union</i>
<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>G20</i>	<i>Group of Twenty</i>
<i>GCC</i>	<i>Gulf Cooperation Council</i>
<i>GSP</i>	<i>Generalized System of Preferences</i>
<i>IAEA</i>	<i>International Atomic Energy Agency</i>
<i>iCET</i>	<i>Initiative on Critical and Emerging Technologies</i>
<i>IEA</i>	<i>International Energy Agency</i>
<i>IMEC</i>	<i>India–Middle East–Europe Economic Corridor</i>
<i>IMF</i>	<i>International Monetary Fund</i>
<i>IMT</i>	<i>India–Myanmar–Thailand Trilateral Highway</i>
<i>INSTC</i>	<i>International North–South Transport Corridor</i>
<i>IPEF</i>	<i>Indo-Pacific Economic Framework</i>
<i>IPR</i>	<i>Intellectual Property Rights</i>
<i>ISA</i>	<i>International Solar Alliance</i>
<i>ISRO</i>	<i>Indian Space Research Organisation</i>
<i>JCPOA</i>	<i>Joint Comprehensive Plan of Action</i>
<i>LAC</i>	<i>Line of Actual Control</i>
<i>LNG</i>	<i>Liquefied Natural Gas</i>

<i>LoC</i>	<i>Line of Control</i>
<i>LPG</i>	<i>Liquefied Petroleum Gas</i>
<i>MEA</i>	<i>Ministry of External Affairs (India)</i>
<i>MoU</i>	<i>Memorandum of Understanding</i>
<i>MP-IDSA</i>	<i>Manohar Parrikar Institute for Defence Studies and Analyses</i>
<i>NDCs</i>	<i>Nationally Determined Contributions</i>
<i>OECD</i>	<i>Organisation for Economic Co-operation and Development</i>
<i>OSOWOG</i>	<i>One Sun One World One Grid</i>
<i>PLI</i>	<i>Production-Linked Incentive</i>
<i>PoK</i>	<i>Pakistan-occupied Kashmir</i>
<i>PRC</i>	<i>People's Republic of China</i>
<i>Quad</i>	<i>Quadrilateral Security Dialogue</i>
<i>RATS</i>	<i>Regional Anti-Terrorist Structure (SCO)</i>
<i>RCEP</i>	<i>Regional Comprehensive Economic Partnership</i>
<i>REEs</i>	<i>Rare Earth Elements</i>
<i>SAGAR</i>	<i>Security and Growth for All in the Region</i>
<i>SCO</i>	<i>Shanghai Cooperation Organisation</i>
<i>SCS</i>	<i>South China Sea</i>
<i>SLOCs</i>	<i>Sea Lanes of Communication</i>
<i>SPA</i>	<i>Strategic Partnership Agreement</i>
<i>SPR</i>	<i>Strategic Petroleum Reserve</i>
<i>UN</i>	<i>United Nations</i>
<i>UNCLOS</i>	<i>United Nations Convention on the Law of the Sea</i>
<i>UNCTAD</i>	<i>United Nations Conference on Trade and Development</i>
<i>UNEP</i>	<i>United Nations Environment Programme</i>
<i>UNFCCC</i>	<i>United Nations Framework Convention on Climate Change</i>
<i>UPI</i>	<i>Unified Payments Interface</i>
<i>US</i>	<i>United States</i>
<i>USSR</i>	<i>Union of Soviet Socialist Republics</i>
<i>WTO</i>	<i>World Trade Organisation</i>

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PART I

INDIA AND THE EVOLVING WORLD ORDER

Chapter 1

India in the Triangle of Great Powers: US–Russia–China Relations and National Interests (2020–2026)

How India is becoming a bridge of balance, autonomy and leadership in a world moving from unipolarity to multipolarity

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1.1 From the Cold War to Multipolarity: A Brief Journey

To understand the present, it is necessary to look back at the past. In the first half of the twentieth century, two world wars ended colonial empires and led to the independence of many countries in Asia, Africa, and Latin America. The United Nations was born to prevent recurrence of wars and maintain global peace. However, this also divided the world into two poles—the United States and Western nations, representing capitalist ideology, on one side, and the communist Soviet Union on the other. Instead of direct war, the Cold War began, characterised by an arms race, nuclear competition, the space race, and a clash of ideologies. As a newly independent nation, India chose a unique path within this bipolar system. Without joining any bloc, it founded and led the Non-Aligned Movement.

This policy, a balance of idealism and pragmatism, allowed India the freedom to maintain relations with both superpowers in accordance with its interests. This period of non-alignment was not a smooth one for India. India shaped its foreign policy amidst the tragedy of Partition, repeated wars with its neighbours, limited resources, and constant pressure from the superpowers. Nevertheless, India faced reality without compromising on ideals—this pragmatism later became the hallmark of its diplomacy. Today's strategic autonomy is, in fact, the mature form of this historical experience. With the collapse of the Soviet Union in 1991, the Cold War ended, and the world moved towards a unipolar system centred on the United States.

This era was marked by American military, economic, technological, and cultural dominance. However, the 9/11 terrorist attacks led to sweeping changes in American foreign policy, and the economic rise of China and the resurgent ambitions of Russia under Putin's leadership began to challenge this unipolarity. The centre of power gradually shifted from West to East, and the world moved towards multipolarity. It can be said that: *“The period from 2020 to 2026 is proving to be decisive for the global balance of power – it is a period of upheaval and restructuring.”*

1.2 2020–2026: A decisive period and the triad of powers

If the twentieth century was a century of bipolarity and then unipolarity, this decade of the twenty-first century is witnessing the formal emergence of multipolarity. Several factors make this period exceptional. First, the COVID-19 pandemic, which disrupted health, trade, industrial production, and supply chains globally, underscoring the imperative for international cooperation. Second, the Russia-Ukraine war, which shook European security to its core and reshaped the global politics of energy and food. Third, the Israel-Hamas conflict and the subsequent Israel-Iran conflict and the US-Iran conflict have shaped West Asia. deepened

instability in the region and drew new polarization lines globally. Against the backdrop of these events, relations between the United States, Russia, and China rapidly changed. US-China competition expanded beyond trade and technology to a strategic rivalry. The Russian-Chinese alliance became more assertive in its opposition to Western sanctions. The changing dynamics between these three superpowers directly impacted emerging nations like India. India faced the challenges of American technological expertise, Russia's energy and defence resources, and China's economic and border encirclement, all of which impacted its economic and geostrategic position.

1.3 US-China: From Competition to Rivalry

The most decisive pivot of this decade is the competition between the US and China. It is no longer just a question of trade deficits or tariffs, but has become a battle for supremacy in areas such as semiconductors, artificial intelligence, 5G, space, and military technology. The Taiwan issue is the most sensitive point of this rivalry, where China aggressively asserts its historical claims and the US appears to be standing in favour of the "status quo." China's expansionist activities in the South China Sea and the US's "Free and Open Indo-Pacific" strategy in the Indo-Pacific region further highlight this conflict. An important dimension of this competition is the trend of "de-coupling," or economic decoupling. The US and its allies are shifting their supply chains away from China and adopting a policy of "friend-shoring." This trend presents a major opportunity for India, as global companies are increasingly looking to India as a reliable manufacturing hub to replace China. Leveraging this "China Plus One" strategy, India is increasing its share in the electronics, mobile manufacturing, and semiconductor sectors.

1.4 Russia-China: An alliance of convenience

Western sanctions and opposition to NATO's eastward expansion have brought Russia and China closer. Following the Ukraine war, a significant portion of Russia's energy has shifted towards China, and both countries have shown interest in exploring alternatives to the dollar-based financial system. This alliance appears to be more a matter of strategic convenience than ideological unity. Both are committed to countering US and European sanctions. Nevertheless, there is an inherent imbalance in this relationship, as they also have border disputes, and Russia currently appears to be increasingly relegated to the junior partner in this partnership.

1.5 US-Russia: Deepening mistrust

Although Russia and the United States have been bitter ideological rivals since World War II, relations between Russia and the United States have been less friendly since the collapse of Russian power following the dissolution of the Soviet Union in 1991, but they have rarely been marked by widespread conflict. After Putin became president, the crisis of trust between Russia and the West reached its peak, from Russia's intervention in Crimea to its invasion of Ukraine. Initially, the US strategy was to prolong Russia's involvement in the Ukrainian war, which appeared to be partially successful. However, with the change of power in the US, priorities regarding the war appeared to shift. This uncertainty further complicated the global strategic landscape.

1.6 US, Russia and China triangle and India's role and interests:

“India is neither a blind supporter of anyone nor a staunch opponent of anyone – it is pursuing pragmatic diplomacy, prioritizing its own interests.”

Three events that shaped this period and India's position are particularly noteworthy. The COVID-19 pandemic proved that a nation's security

cannot depend solely on military power; health infrastructure, supply-chain resilience, and self-reliance are equally important. India turned this crisis into an opportunity through "vaccine friendship," strengthening its soft power by providing vaccines to dozens of countries. The second incident was the conflict between Russia and Ukraine. The Russia-Ukraine war destabilized the energy market and posed a complex test for India. Despite Western pressure, India continued to import subsidized crude oil from Russia and also provided humanitarian aid to Ukraine. This "principled pragmatism" was a testament to the maturity of Indian diplomacy—neither open opposition to Russia nor surrender to the West. The third major incident was the Israeli-Palestinian conflict, sparked by the Hamas offensive, and, as its extension, the Israel-Iran conflict and the US-Iran conflict. The Israel-Hamas conflict mobilized Islamic countries globally and rekindled terrorism based on religious fanaticism. All these events made it clear that cyberattacks, drone technology, digital weapons, and the use of artificial intelligence in warfare have become new and serious threats to humanity. The United States' conflict with Iran in support of Israel and the dispute over the Strait of Hormuz have led to a new global economic crisis as supply chain disruptions are being faced.

These three events are that the security concept of the twenty-first century has become multifaceted. A nation's security is no longer limited to the protection of its borders; it encompasses health security, energy security, food security, cybersecurity, and supply chain security. A single pandemic can paralyze the entire global economy, a remote war can drive up energy and food prices worldwide, and a cyber-attack can cripple a country's infrastructure. This new reality has forced nations like India to redefine their strategies holistically, giving central importance to resilience and self-reliance alongside hard power.

1.7 India's Multi-Alignment Policy: A New Avatar of Non-Alignment

The Cold War era of non-alignment has today transformed into multi-alignment. This means maintaining active and managed relationships with all major powers based on interests, rather than being tied to a single pole. This is not passive neutrality, but an active, multifaceted strategy. India is neither bound by any specific perspective, nor a blind supporter or staunch opponent of any. Under this policy, India is active in purpose-oriented groups like the Quad and I2U2, and also makes its presence felt on forums like BRICS and SCO. Assuming the BRICS presidency in 2026 and President Putin's visit to India in December 2025 are powerful evidence of this strategic autonomy.

India is prioritizing genuine purpose-oriented partnerships, avoiding both unilateral dependence and unnecessary multilateralism. India's strategic autonomy does not mean isolationism or neutrality. It is the ability for a nation to make independent decisions based on its national interests, without pressure from any external power. During the Cold War, this autonomy manifested itself in the form of non-alignment; today it is expressed in the refined form of multi-alignment. The only difference is that today's India is much more confident, capable, and resourceful. It no longer simply seeks to avoid pressures but actively creates opportunities in its favour. This is why India is today seen as a "swing state," a nation with decisive influence whose inclination can decisively impact any global equation. It is on this basis that India has begun to clarify its relations with the United States, Russia, and China.

1.7.1 India-US: Technology and Defence Partnership

India-US relations have deepened in the areas of technology, defence, semiconductors, space, and intelligence. The iCET (Initiative on Critical and Emerging Technologies) and Artemis Accords are evidence of this.

Although differences have emerged between the two countries over tariff policy, India has maintained its independent foreign policy even amid US economic pressure.

1.7.2 India-Russia: A Tested Friendship

India-Russia relations in the areas of energy, defence, and strategic trust have stood the test of time. Despite Western criticism and US threats in the Ukraine conflict, India neither yielded to pressure nor disregarded Russian interests. India prioritised this friendship, calling it "historic"—today, the two nations are trusted allies.

1.7.3 India-China: Competition, Resistance and Limited Cooperation

India-China relations are based on vigilance, competition, and balance. Despite a long-standing border dispute and economic interdependence, India has established a position to challenge China's dominance, particularly in the Indo-Pacific and technology sectors. India has also initiated a dialogue process, while setting aside the border dispute—a reflection of its balanced, pragmatic policy.

1.8 Voice of the Global South: From Vasudhaiva Kutumbakam to Global Leadership

In the current world order, India has emerged as the most prominent representative of the Global South. During its presidency of the G20, India championed the "One Earth, One Family, One Future" message, highlighting the need for balance between developed and developing countries. Addressing issues such as debt, food security, climate change, and inequality has been a global priority at the heart of India's agenda. India has demonstrated moral leadership through digital public infrastructure (DPI), affordable satellite technology, disaster relief, and

partnerships with Africa. Positioning itself as a "bridge to development" and a "voice of the South," it is protecting the interests of the Global South from being marginalized in superpower rivalries. India is transitioning from a passive rule-follower to an active rule-maker. A symbolic yet significant moment of this leadership came when the African Union, under India's presidency, was made a permanent member of the G20. This was not merely a diplomatic achievement, but a declaration of India's commitment to including the voice of the developing world in global decision-making. Bringing the key challenges of underdeveloped and developing nations—debt crisis, food insecurity, climate vulnerability, and technological inequality—to the centre of the global agenda has been India's priority. India's vision that the development model should be human-centred presents it as a power that believes in justice and inclusion rather than power projection. Currently, India's strategy is based on four pillars: nation-building, technological capability, geopolitical balance, and democratic legitimacy.

The foundation of any nation's diplomatic power ultimately lies in its economic strength. This decade, India has emerged as one of the world's fastest-growing major economies and has risen in the global rankings. This economic growth and expansion provide a new impetus to India's foreign policy. As a large and growing market, it is now in the interest of every major power to cultivate relations with India. India has used this economic position for diplomatic advantage. Negotiations for free trade agreements with several countries, production-based incentive (PLI) schemes to boost domestic manufacturing, and a leading position in the services sector and the digital economy—all these are indicators of India's growing economic power. Furthermore, India has faced US tariff pressure with patience and firmness, keeping the channels of dialogue open without compromising its national interests. This economic confidence is the most solid foundation of India's strategic autonomy, as a strong

economy empowers a nation to remain independent in the face of external pressures.

India has focused its foreign policy on soft power and realism. India's power is not limited to hard power alone. Yoga, Ayurveda, cultural heritage, and the philosophy of "Vasudhaiva Kutumbakam" are powerful dimensions of India's soft power. The global acceptance of International Yoga Day, the growing reach of Indian cinema and culture, and the popularity of Indian cuisine and spiritual traditions around the world—all these are tangible evidence of India's soft power, which leaves a more lasting impact than any military or economic pressure. International humanitarian assistance—whether in response to earthquakes, epidemics, or natural disasters—has given India moral legitimacy. This moral capital is becoming India's foundational strength in the new power order. India is emerging as a civilizational power that uses a balanced blend of hard and soft power.

For India's soft power policy is not without challenges. US tariff policy creates economic pressure, which India's industrial and business sectors are facing patiently. The growing influence of social media provides an opportunity to create an anti-India atmosphere by quickly amplifying small incidents, allowing neighbouring nations to interfere in internal affairs. Cyber-attacks, digital surveillance, and artificial intelligence-based information warfare are new-age threats. Furthermore, climate change, depleting natural resources, energy security, and supply chain crises are long-term challenges. India is addressing these through long-term arrangements such as green energy, the International Solar Alliance, and LNG imports. Technological self-reliance and preventing the migration of intellectual property are key to the future.

Ongoing border disputes with neighbouring countries Pakistan and China also pose a major challenge to this policy and India's aspirations for global

leadership. The violent clash in the Galwan Valley in eastern Ladakh in 2020 fundamentally altered the course of India-China relations. This incident dealt a severe blow to the decades-old belief that economic interdependence would keep the two countries out of conflict. India responded with a firm resolve to secure its borders, rapidly developing border infrastructure, increasing military deployments, and sending a clear message on the economic front through the ban on dozens of Chinese apps and tightening investment regulations. Similarly, through Operation Indus, India delivered a limited but strong response to the surgical strikes, effectively warning Pakistan.

These events symbolized the reality that India was no longer adopting a reactive, but a proactive strategy. Furthermore, India did not completely close the door to dialogue—efforts to defuse tensions continued through several rounds of military and diplomatic talks. This policy of "dialogue with firmness" reflects the maturity of Indian diplomacy. India made it clear that peace on the border and normal relations cannot coexist, and that resolution of the border dispute is a prerequisite for normalization of relations.

In addition to its economic strategies, this period of global instability has taught India the imperative of self-reliance in the defence sector. The Ukraine war demonstrated that excessive dependence on a single source for weapons poses strategic risks. With this understanding, India prioritised defence manufacturing under the "Atmanirbhar Bharat" (Self-Reliant India) vision. Indigenous fighter aircraft, warships, missile systems, the Sudarshan Chakra, and rapidly growing defence exports are tangible results of this policy. Today, India is not only moving towards meeting its defence needs domestically but is also emerging as a nation exporting defence equipment to friendly countries. This transformation provides a solid foundation for India's strategic autonomy, as a self-reliant

defence industry enables a nation to make independent decisions in the face of external pressures. India has diversified its supply sources while maintaining its defence partnership with Russia. The growing defence cooperation with France, Israel and the US is a testimony to this diversification.

Recognising that twenty-first-century power is not just military or economic, but also technological, India has paved a unique path in this area. Digital Public Infrastructure (DPI)—including platforms like Aadhaar, UPI, and Digi Locker—has presented India to the world as an alternative digital model. This model is neither like the Western capitalist surveillance system nor the Chinese state-controlled digital system; it is an open, inclusive, and people-centred framework. During its presidency of the G20, India presented this model as a viable solution for the Global South, and many developing countries have expressed interest in adopting it. This is the practical manifestation of India's concept of "tech democracy."

Furthermore, investments in semiconductor manufacturing, a national strategy on artificial intelligence, and efforts to prevent intellectual property migration are decisive steps towards India's technological sovereignty. Recognising that technological sovereignty will become the criterion for any nation's true independence in the coming decades, India has begun rapidly developing itself in this area. A striking example of India's multi-alignment policy is its active participation in simultaneously diverse forums. On the one hand, India is a member of the Quad (with the US, Japan, and Australia), which seeks to balance China's dominance in the Indo-Pacific; on the other, it is an active member of BRICS and the Shanghai Cooperation Organisation (SCO), in which China and Russia play a central role. This contradiction has been a source of curiosity for Western analysts, but it is the essence of Indian diplomacy.

India views these forums not as conflicting camps, but as tools to pursue its diverse interests. Through the Quad, it pursues maritime security and technical cooperation, while through BRICS, it strengthens alternative financial arrangements and the voice of the Global South. Assuming the BRICS presidency in 2026 is proof that India is capable of maintaining its independent identity and leadership even amidst competing blocs. This is a sophisticated form of multi-alignment, in which India is not a follower of anyone, but a partner on its own terms. The conflict between the US and Iran has alerted the entire world to the impending energy crisis. Energy security is also a crucial dimension of India's foreign policy. As a rapidly growing economy, India's energy needs are vast, and a large part of these are met through imports. When Western countries-imposed sanctions on Russian oil after the Ukraine war, India faced difficult choices. India continued to import subsidized crude oil from Russia, citing national interest as paramount, and openly defended this decision.

The Indian Foreign Minister's assertion that Europe imports as much energy from Russia in a day as India doesn't even consume in a month, served as a symbol of India's confidence on the global stage. At various international forums, the Indian Foreign Minister has consistently made it clear that the problem of the Cold War is not a global or Asian problem. Every country views it from its own perspective and interests. India is free to formulate and implement its own policies based on the needs of its citizens and national interests. India has also diversified its energy sources. Long-term LNG agreements with Qatar, imports from the US and Gulf countries, a pipeline agreement with Oman, and most importantly, ambitious targets for renewable energy; India's leading role in the establishment of the International Solar Alliance (ISA) are evidence of India's desire to balance energy security with climate responsibility.

India has become vocal in all international forums, making it clear that current global institutions—especially the United Nations Security Council—reflect the 1945 world order, which is incompatible with today's multipolar reality. India has consistently called for reform of these institutions and permanent membership in the Security Council. As the world's largest population, a major economy, and a stable democracy, India's claim to this position is strong both morally and practically. However, this path is not easy. The veto power of permanent members and geopolitical rivalries, particularly the power of China, are obstacles to this reform. Nevertheless, India has attempted to garner broad support for this cause internationally. This struggle is not just for a single seat, but for the creation of a more equitable and representative global order—one in which the voices of the Global South are properly represented.

India's vast Indian diaspora across the world is a unique strength for its global policy success. From the top leadership of US technology companies to the economies of the Gulf countries, the Indian diaspora's presence is significant. This community not only contributes to the Indian economy through remittances but also serves as a vehicle for India's soft power and diplomatic influence. India has begun to recognize this community as a strategic asset rather than merely as cultural ambassadors. The success and influence of the Indian diaspora create a favourable environment for India on global platforms. In the future, the judicious use of this 'living bridge' can become a vital pillar of India's global strategy. West Asia is a crucial region for India in terms of energy, trade, and the diaspora. Instability here directly impacts India's economy and security. During the Israel-Hamas conflict, India adopted a balanced approach. While unequivocally condemning terrorism, it maintained its humanitarian compassion for the Palestinian people and its historic commitment to a two-state solution. This balance reflects India's

diplomatic maturity, which is able to maintain relations with conflicting parties simultaneously.

India has an ambitious initiative in this region—the India–Middle East–Europe Economic Corridor (IMEC). Announced at the G20 summit, this project envisions connecting India with the Gulf countries and Europe via rail and sea routes. It is seen as a strategic counter to China's Belt and Road Initiative. Although regional conflicts have hampered its progress, the corridor embodies India's long-term vision of expanding connectivity, diplomacy, and economic influence. The I2U2 group (India, Israel, the United Arab Emirates, and the United States) also demonstrates India's growing involvement in the region.

In addition to ensuring its broad global engagement and traditional issues, India has also demonstrated sensitivity to humanitarian, natural, and cultural issues. Climate change is the most common challenge of the twenty-first century, and India has strived to lead the developing world on this front. On the one hand, India argues that developed countries are responsible for historical emissions and must fulfil their commitments to climate finance and technology transfer; on the other hand, India itself has set an ambitious target of net zero by 2070. Through initiatives like the International Solar Alliance and Mission Life (Lifestyle for the Environment), India has conveyed the message that climate solutions are not just a matter of technology but also of life perspective. In line with the civilizational vision of "*Vasudhaiva Kutumbakam*," India presents the green transition as linked to justice and equality. This moral leadership is a powerful dimension of India's soft power, establishing it as a natural spokesperson for the Global South. India has consistently presented itself as a moral and ideological leader. This rise of India has been interpreted variously by scholars of international relations. Some, from a realist perspective, see it as a "balancing power," a modern application of the

ancient strategy of balance of power. Some theorists describe India's policy as one of "strategic autonomy," in which the nation maintains the freedom to make decisions in accordance with its own interests without becoming hostage to any alliance.

Proponents of the concept of a "civilizational state" view India as a power that offers a third path, grounded in its cultural heritage, distinct from both Western and Chinese models. Regardless of the theoretical lens, all these interpretations have one thing in common: the recognition that India is no longer a passive follower of the international system but an active factor shaping its form. This recognition is the greatest proof of India's diplomatic achievements.

1.9 2025 to Now: Latest Developments and India

As the decade progressed, global politics took decisive turns on two fronts—one, the abrupt shift in US policy in the Ukraine-Russia-US triangle; and the other, the climax of the Iran-US confrontation in West Asia. These two developments not only reshaped the global balance of power but also severely tested India's balancing diplomacy.

With the change of power in the US in 2025, Washington's priorities regarding the Ukrainian war fundamentally shifted. The new US administration emphasised a swift ceasefire and settlement rather than prolonging the war. Initially, the US leadership opened the way for direct talks with Russia and increased pressure on Ukraine to reach a settlement. The US-Ukraine agreement on mineral resources and changes in the terms of military aid signaled this new policy. However, US President Donald Trump's erratic nature, coupled with his ambiguity and his claims of a ceasefire within forty-eight hours of his presidency, proved hollow. This failure strained transatlantic relations. European nations, hitherto dependent on the US security umbrella, began moving towards self-

reliance in their own defences. Thus, a new rift emerged within the Western bloc, further deepening the trend towards multipolarity.

This development was significant for India in several respects. On the one hand, India continued to maintain its energy and defence ties with Russia—President Putin's visit to India in December 2025 was a testimony to this strategic confidence. On the other hand, as the superpowers themselves moved towards the negotiating table, India's consistent stance—that "this is not the era of war" and that solutions are possible only through dialogue and diplomacy—proved more relevant and far-sighted on the global stage. India's decision to maintain its independent policy despite Western criticism is now being seen as prudent, and India is being seen as a potentially reliable mediator. *As the superpowers themselves moved towards the negotiating table, India's stance that "this is not the era of war" proved to be prescient.*

On the one hand, the Russo-Ukrainian war remained unresolved, and the distance between the US and European nations, particularly with NATO, widened, while tensions in West Asia reached a peak. In June 2025, a direct military confrontation between Israel and Iran erupted, with the US intervening and targeting Iran's key nuclear sites—Fordo, Natanz, and Isfahan.

This brief but intense conflict brought the entire region to the brink of instability. The threat of blockage of the Strait of Hormuz—through which a large part of the world receives energy supplies—created uncertainty in the global oil market. A fragile ceasefire was subsequently established, but an undercurrent of regional tension persisted. This crisis is deeply intertwined with India's national interests. West Asia is central to India's energy security, and supplies flowing through the Strait of Hormuz are vital to the Indian economy. Furthermore, the security of the nearly nine million Indian expatriates in the Gulf countries, the Chabahar

port in Iran, the International North-South Transport Corridor (INSTC), and the India-Middle East-Europe Economic Corridor (IMEC) all depend on the stability of the region. Even in this complex situation, India demonstrated its balanced approach. India has close defence ties with Israel and historical and strategic ties with Iran. Instead of siding with one side, India called for restraint, de-escalation, and dialogue, ensuring the safety of its citizens, and advocating for regional peace. This approach once again demonstrates that Indian diplomacy is capable of simultaneously maintaining relations with opposing sides and playing a constructive, balancing role in times of crisis.

The combined message of these two developments—the transition from war to compromise in Ukraine and the nuclear conflict in West Asia—is that the global order is in a state of unprecedented flux. The superpower equations are rapidly shifting, and in these uncertain times, India's strategic autonomy, dialogue-centred diplomacy, and balancing capabilities are proving to be its greatest assets.

1.10 India's Security Challenges: From the Neighbourhood to the Indian Ocean

An inevitable consequence of the changing dynamics of the superpowers is that the arena of their competition has now expanded to India's immediate neighbourhood and the Indian Ocean. As an emerging power, India's security challenges today are no longer limited to traditional border disputes; they have taken on multifaceted forms of geopolitical manoeuvring, maritime militarization, and strategic encirclement. India's first security ring is its immediate neighbourhood, and this very ring appears to be the most volatile at the moment. Political turmoil and regime change in Bangladesh, recurring political instability in Nepal, and the political upheaval following the economic crisis in Sri Lanka—all these developments have created an atmosphere of uncertainty in India's

neighbourhood. In India, these developments have been widely linked to interference by external powers, where competition for access and influence over strategically important islands and ports is evident.

India has been particularly concerned by external powers' interest in strategically located small islands in the Bay of Bengal and the Indian Ocean, as the presence of a competing power in such positions could directly impact India's maritime security. It has become essential for India to further strengthen its "Neighbourhood First" policy and deepen economic, cultural, and developmental ties with its neighbours to limit the opportunities for external interference. India's most serious land challenge arises from China's expansionist pressure. Claiming Arunachal Pradesh as "South Tibet," renaming places there, and building military infrastructure and villages in border areas are clear examples of China's strategy of "salami slicing," or gradual encroachment. This pressure is not merely a matter of territorial claim, but a deliberate attempt to continuously challenge India's sovereignty. Even more sensitive is the growing activity along China's border with Bhutan. The Doklam region and Chinese constructions in Bhutanese territory are of direct strategic concern to India, as this area lies close to India's strategically vital "Siliguri Corridor" (also known as "Chicken's Neck")—a narrow strip of land that connects mainland India with its northeastern states. Any pressure on this corridor has serious implications for India's territorial integrity.

The Indian Ocean is not just a body of water for India, but its economic and strategic lifeline. The increasing militarization of this ocean poses a long-term challenge to India's security. The Diego Garcia military base in the Chagos Archipelago, not far from India, symbolizes the strategic presence of a major foreign power. The presence of such a powerful military base near India, and its ability to monitor and project power

across the region, remains a constant factor in India's strategic calculations.

Questions have also arisen about the security of maritime trade routes in the region. Incidents like the targeting of Iranian ships in the Indian Ocean indicate that superpower rivalry has now reached India's maritime backyard. Such incidents not only escalate regional tensions but also threaten the security of energy supplies and commercial shipping—both of which India's economy is directly dependent on. Against this backdrop, it has become imperative for India to maintain a strong navy and an active, balancing presence in the Indian Ocean region. Superpower *rivalry has now reached India's maritime backyard, the Indian Ocean. has reached; A strong navy and balancing presence is no longer an option, but a necessity.*” The collective message of all these challenges is that India must remain vigilant on multiple fronts simultaneously. Maintaining diplomatic influence in the neighbourhood, strengthening naval capabilities in the Indian Ocean, and projecting assertiveness and readiness on its land borders; this multi-layered security vision is the bulwark of India's strategic autonomy and the material guarantee of its national interests.

1.11 National Interest and Strategic Autonomy: Towards 2047

This study, covering the period from 2020 to 2026, clearly demonstrates that India has successfully protected its security, economic growth, and strategic autonomy. India is now taking decisive steps as both a strategic power and a system-shaper. Its foreign policy is becoming more confident, capable, and power-projecting—no longer confined to defensive diplomacy. India has clear priorities for the future: strengthening multilateralism by strengthening its position in regional organisations; creating an environment for permanent membership in the UN Security Council; promoting technological sovereignty in developing countries through DPI; using the diaspora as cultural ambassadors as well as

strategic assets; and developing alternative arrangements to the dollar monopoly.

This journey is fraught with numerous contradictions and tensions. While India seeks a deep technological and defence partnership with the United States, its historical friendship and energy ties with Russia are essential. On the one hand, there is the border dispute and strategic competition with China, and on the other, there is the need for cooperation on platforms like BRICS and SCO. Balancing these tensions is the ultimate test of Indian diplomacy—and so far, India has demonstrated remarkable maturity in this test. This balance is not passive neutrality, but the result of active and well-considered choices.

In conclusion, in this complex global system shifting from unipolarity to multipolarity, India is emerging as a bridge of balance, stability, and dialogue. While China and Russia offer an alternative global framework and the United States and Europe strive to revive a rules-based order, India, as a stable, neutral, reliable, and centripetal power, can become a medium for dialogue and cooperation between the two. Standing on the four pillars of nation-building, technological capability, geopolitical balance, and democratic legitimacy, India, with its 2047 pledge of a "developed India," has the potential to shape the contours of the international order in the coming decades. This is its greatest strategic achievement, and also the ultimate guarantee of its national interest. Ultimately, this study from 2020 to 2026 teaches us that the key to success in a changing world order lies neither in blind alliances nor in complete isolation, but in deliberate, interest-based, and value-laden autonomy. By embracing this key, India has paved a path that not only protects its own interests but also contributes to the creation of a more balanced, just, and multipolar world. This is India's true strength—a

power that believes in dialogue over weapons, and partnership over domination.

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Chapter 2

Iran–Israel–US Conflict and India's Strategic Dilemma

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2.1 Introduction

The coordinated military operation launched by the USA and Israel on 28 February 2026 against Iran opened a war that has since sucked in Gulf states, Lebanon, Yemen's Houthi movement, Turkey and Pakistan, and periodically closes one of the world's key oil chokepoints. It's not the first time West Asia has faced a direct confrontation between Iran and Israel: another twelve-day war occurred in June 2025, which saw American strikes on Iran's Fordow, Natanz and Isfahan nuclear sites. In other words, that was already the tip of the iceberg. It signaled that deterrence in the region was breaking down. The 2026 war took this pattern to the next level, leading to a long conflict whose results go beyond the fighting parties. The chapter examines how the conflict has altered the regional and international strategic environment, and what that alteration means for the strategic autonomy, energy security, economic interests, maritime security and status of India in the emerging international order. It moves from events to evidence to causes, and from strategic interests to

international response, before turning at length to Indian interests and policy choices. India won't be treated as an epilogue but rather stands in the focus, as the analytical centre of the chapter. This is in recognition of the fact that India is the third-largest oil importer in the world. Furthermore, India has a Gulf diaspora of nine to ten million. Also, India is a state that is invested in defence partnerships with Israel and the United States. At the same time, however, India invests in connectivity and energy ties with Iran. The study utilizes/includes United Nations reports, Indian government statements, Reuters, Al Jazeera, CNN, and Associated Press reporting, and analyses from Indian and international strategic studies institutions. Because the conflict is fluid, this chapter's research cut-off is 10 August 2026; events after this date (including the ongoing negotiations for reopening the Strait of Hormuz and practical implications of the Mecca defence pact) are necessarily left out.

2.2 From Regional Rivalry to Direct Conflict

Iran-Israel enmity is old. It dates back to the 1979 Iranian Revolution. The support that Tehran gave to armed groups contesting Israel. Also, Israel's thinking that Iran's nuclear programme is an existentialist threat for long. In 2015 a Joint Comprehensive Plan of Action (JCPOA) restrained Iranian enrichment. However, the first Trump administration's 2018 withdrawal from the accord along with reinstatement of sanctions and Iran's gradual discarding of JCPOA limits left the programme lacking effective outside scrutiny. The aftermath of the Gaza war, the weakening of Hezbollah and the fall of the Assad government in Syria had stripped Iran of several layers of the deterrent network, built over decades. Hence by early 2025, Iran was comparatively exposed. In the June 2025 Twelve-Day War, Israeli strikes on Iranian nuclear and military sites were followed by American strikes, announced by the US as The Midnight Hammer, on Fordow, Natanz and Isfahan. Negotiations towards a

endurable solution did not produce a ceasefire that held for several months. According to the reporting of Responsible Statecraft, Iranian and American officials had made “significant” progress in their talks in Geneva towards a new nuclear agreement as of late February 2026, and the IAEA DG had participated in the most recent round.

On February 28, 2026, before the conclusion of those talks, the US and Israel launched a new and much larger campaign, which Washington called Operation Epic Fury and which Israeli officials separately referred to as Operation Lion’s Roar. According to officials of both American and Israel, the aims were to prevent Iran from ever acquiring nuclear weapon, and regime change. Ali Khamenei, Iran’s Supreme Leader, was killed along with many senior officials and commanders in the opening blitz – an unprecedented event in the history of the Islamic Republic – and subsequently, Mojtaba Khamenei was named as successor. Iran launched a massive missile and drone assault directed at Israel, American bases throughout the Gulf, and significantly, at Gulf Arab states which hold American troops and were not involved in the original attacks. The Iranian parliament called for the closure of the Strait of Hormuz, and early in March Iranian forces had begun firing on and threatening commercial shipping in the strait, causing what the International Energy Agency described after as the biggest disruption ever to the global oil market. In early 2026, Iran saw extensive domestic protest due to economic hardship and infrastructure failure, leaving the regime relatively weak, as noted in a House of Commons Library briefing on the war. This may explain partially the size of the initial American-Israeli strikes and, especially, the difficulty Tehran subsequently had in enforcing a single negotiating position. A conditional ceasefire for two weeks was agreed upon on 8 April 2026, mediated by Pakistan and conditional upon the reopening of the strait, but talks in Islamabad broke down and the US imposed a blockage on ships trying to get to Iranian ports. Over the next

few months, periodic strikes, a partial reopening of some shipping, and sporadic stoppages were to follow; by early August 2026 Iran and Oman were reported as close to a framework agreement on navigation in Hormuz, even as fighting spread into Yemen and threats against Saudi Arabia led to a Riyadh-Ankara-Islamabad mutual-defence pact in Mecca.

2.3 Strategic Objectives and Conflict Dynamics

Each party to the conflict has pursued at least two objectives. Iran's regime is at its weakest position domestically in many years. Above everything else, it is looking to survive. It wants to sustain what is left of its military leverage and nuclear leverage as a bargaining asset. It wants to prove that any assaults on its sovereignty will have other costs for the American-aligned states of the region. Further, it wants to sustain linkages with Russia and China as insurance against complete diplomatic isolation. The closure of the Strait of Hormuz, and negotiations to reportedly reopen it with concession demands from Washington, suggest that Iran is treating disruption of shipping in the region as a means to an end rather than an end in itself.

According to Israel's statements, its aims combine the destruction or at least significant degradation of Iran's nuclear-weapons pathway with an effort to remove the ballistic-missile and proxy threats that had developed around it. The Israeli killing of Khamenei and other senior figures had a wider rationale than just nuclear; it suggested an Israeli calculation that regime disruption itself would degrade Iranian capacity for retaliation. Things got complicated as Iran launched a barrage of missiles and drones. The US has raised footage, non-proliferation and regional-deterrence objectives for the alliance's protection; however, its conduct of the war has not been fully coherent. According to the Arms Control Association as well as Responsible Statecraft, which reported on Pentagon briefings to congressional staff shortly after the war began, American military

planners did not understand Iran to be planning an imminent strike on US forces unless Israel attacked; this complicated the administration's public case for pre-emption. According to CNN's report by the midway point of 2026, the Chairman of the Joint Chiefs of Staff had allegedly asked behind closed doors for an "off ramp" from a war whose costs in dollars and strategic bandwidth were becoming difficult to justify in the face of an outcome that was not yet in sight.

Due to the IAEA's loss of access, independent assessment of the nuclear dimension of these objectives is limited. In late February 2026, the agency reported that it had no access to any of Iran's four declared enrichment facilities and could not confirm the location, size or composition of Iran's enriched-uranium stockpile. Another analytical report by the Institute for Science and International Security, which relied on the reporting of the IAEA until June, 2026, estimated that as a result of the cumulative American and Israeli strikes, the overwhelming majority of Iran's installed centrifuges had been destroyed or disabled and that Iran's time to weapons-grade material would be worsened from months to more than a year.

The report added, however, that without the IAEA having access to Iran's nuclear facilities such estimates could not be independently verified. Furthermore, Arms Control Association has also stated that, also before the February 2026 attacks, evidence so far available does not establish that Iran's nuclear or missile programme were already so advanced as to constitute an imminent threat justifying pre-emptive action. Israeli officials contest this conclusion. The Gulf states have an increasingly uncomfortable position in this. These countries were attacked by Iran as retaliation although they were not involved in any of the attacks. This was mentioned by the UN Security Council itself. However, quite a few – Saudi Arabia and the UAE among them – have also increased pipeline

capacity to bypass Hormuz and, by signing the Mecca pact with Turkey and Pakistan in August 2026, have indicated dwindling confidence that the US security umbrella can protect them alone.

2.4 International and Regional Response

The United Nations Security Council met in an emergency meeting on February 28, 2026 and Secretary-General António Guterres has warned that “everything must be done to prevent an escalation” a wider regional war. On March 11 of the year 2026, the Council adopted Resolution 2817 condemning in the strongest terms Iran’s attacks on Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the UAE and Jordan and reaffirming those states’ sovereignty and territorial integrity. Sponsored by the Gulf Cooperation Council and co-sponsored by 135 states, the resolution passed 13-0 while China and Russia abstained rather than exercising their veto. A Russian-backed draft on protection of navigation in the Strait of Hormuz was also put to a vote.

The Iranian representative rejected the framing of the text and said that the resolution reverses the aggressor and victim roles. Also, as the United States was the Council presidency at that time, it cannot pretend to arbitrate a war it has started. Both Russia and China condemned the US-Israeli strikes but chose to abstain instead of blocking action at the Security Council. The two nations apparently did not want to provoke Washington directly, nor did they want to get too close to Tehran. According to advocacy groups like DAWN, the structure of the Security Council makes it incapable of holding the US accountable for what they define as a war of aggression. They are, therefore, calling for a General Assembly resolution instead. However, this continues to be a disputed political position rather than an established legal finding. There was no such resolution adopted as of the cut-off of this research. According to a House of Commons Library briefing, while the UK allowed the use of

Diego Garcia and RAF Fairford bases for a “specific and limited defensive purpose,” it published legal advice framing this as consistent with the right of self-defence.

Meanwhile, the EU and UK offered cautious backing for Israeli and US claims of self-defence but called for de-escalation. The Gulf countries did not have a united stance. Several agreed with the Security Council that there should be a condemnation of Iran. However, they were also working through Saudi Arabian state Oman to negotiate directly with Iran for keeping the Strait of Hormuz open. Turkey too showed a similar hedged position. Its officials maintained that its new Mecca agreement with Saudi Arabia and Pakistan was not directed at any one country. But Iranian officials dismissed out of hand the agreement’s value as a deterrent.

2.5 Nuclear, Legal Energy and Maritime Dimensions

The conflict's legal status hinges on two main questions. First, whether the U.S.'s illegal use of force against Iran is prohibited under the UN Charter. Second, whether the alleged drone strikes by the U.S. amount to a right of self-defence as set out in article 51 of the UN Charter. Neither the International Court of Justice nor any other competent tribunal has determined this matter in authoritative fashion. Accordingly, this chapter treats the matter as an ongoing dispute and not as a settled issue. The IAEA is confidently making negative findings on the nuclear file. The agency currently does not know, with confidence, the size, form or location of Iran’s enriched-uranium stockpile. This is also true with respect to the current state of Iran’s centrifuge inventory. Iran is denying the access needed to establish these facts.

Various institutions have estimates of how much the strikes set back Iran’s technical capacity but these estimates cannot be accepted as settled

without verification. The energy and maritime impacts are better documented, mainly through International Energy Agency, World Bank, IMF and shipping-industry data reported by Reuters, the Financial Times, and specialist outlets. The Strait of Hormuz normally sees the passage of one-fifth of global seaborne oil and a comparable share of global LNG. After its effective closure in early March 2026, daily transits dropped from over 130 to less than 10. In February 2026, Brent crude was trading at around \$69-71 per barrel, before surging past \$100 within days. The prices momentarily breached \$115 in March. This escalation led the Institute for Economics and Peace's 2026 Global Peace Index to estimate that the resumption of full-scale hostilities may cost the world economy about \$2.2 trillion. The World Bank lowered its global growth forecast for 2026 to 2.5 percent, the lowest since the coronavirus pandemic, due to the conflict among other factors. During the month of April 2020, Gulf exporters suffered unevenly. According to reports, Kuwait's oil exports reportedly fell to zero. Qatar's oil exports were hit to the tune of around 90 percent. However, Saudi Arabia and the UAE partially made up for this through overland pipelines to the Red Sea and through Fujairah. Finally, Oman which is seen by Iran as comparatively neutral ramped up their own oil exports through terminals outside of the strait.

2.6 India and the Conflict: Strategic Interests and Diplomatic Balancing

2.6.1 Diplomatic position

India's initial statement, issued on 28 February 2026, described New Delhi as "deeply concerned" and called on all sides to "exercise restraint, avoid escalation, and prioritise the safety of civilians," while affirming that "sovereignty and territorial integrity of all states must be respected" — phrasing widely read, including by Indian commentary, as an indirect

rebuke of the US-Israeli operation without naming either country. Prime Minister Narendra Modi spoke separately with Jordan's King Abdullah II, Bahrain's King Hamad bin Isa Al Khalifa and Saudi Arabia's Crown Prince Mohammed bin Salman, again condemning attacks on sovereignty without naming Iran, and also spoke with Israeli Prime Minister Benjamin Netanyahu.

India's Foreign Secretary signed a condolence register at the Iranian embassy in Delhi, a symbolic gesture that went beyond the initial statement's studied neutrality. India's opposition Congress party criticised the government for declining to condemn the US-Israeli strikes explicitly. This pattern — sympathetic language towards Iranian sovereignty combined with active defence and diplomatic engagement with Israel and the United States — is broadly consistent with what Indian analysts, including at the Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), describe as India's long-standing practice of issue-based, multi-directional engagement rather than a fixed strategic-autonomy doctrine applied uniformly.

2.6.2 Bilateral relationships under strain

India–Iran ties rest on energy, connectivity and Afghan-Central Asian access, embodied chiefly in Chabahar Port. India Ports Global Limited has operated the Shahid Beheshti terminal under a ten-year agreement since 2014, and Chabahar anchors India's participation in the International North–South Transport Corridor linking India, Iran, the Caspian and Russia while bypassing Pakistan. That investment came under severe pressure even before the 2026 war: Washington revoked a long-standing sanctions waiver in September 2025, restored it for six months after Indian lobbying, and allowed it to lapse on 26 April 2026 without renewal. India's 2026–27 budget allocated no funds to the port, against roughly ₹400 crore the previous year, and reports in April and

May 2026 suggested New Delhi was exploring a temporary transfer of its Chabahar stake — though no final decision had been announced by the cut-off date. War-related damage to port infrastructure was also reported, though this specific claim could not be independently corroborated beyond a single source and is presented here with that caveat. Iran, for its part, has continued to describe India as a valued partner and reportedly sought to ease the passage of some Indian-linked shipping, though the practical effect was limited: one Indian LPG tanker, the *Jag Vasant*, remained stranded in the strait for 23 days before finally docking in Mumbai. India–Israel relations, by contrast, have deepened through the conflict rather than cooled. Modi's state visit to Israel in February 2026 elevated the relationship to what has been described as a Special Strategic Partnership, and Israel remains among India's most significant sources of defence technology, alongside growing joint development programme. India–US relations followed a similar trajectory: the "Framework for the US-India Major Defence Partnership," signed in October 2025, was actively advanced during the war itself, with a senior US defence official visiting India in March 2026 to co-chair the US-India Defence Policy Group even as the conflict raged — a sequencing that MP-IDSA analysis and other Indian commentary have read as evidence that Washington expected continuity, not caution, in defence alignment despite the war's disruption of India's other interests.

2.6.3 Gulf relations, diaspora and evacuation

India's ties with Saudi Arabia, the UAE, Qatar, Oman, Bahrain and Kuwait carry immense weight: these states supply roughly half of India's crude imports through term contracts, host a diaspora estimated at nine to ten million people, and generate remittances that different sources place at somewhere between \$50 billion and over \$60 billion annually — a range reflecting differing methodologies rather than a settled figure. The

war placed both energy supply and diaspora welfare at risk simultaneously. As Iranian strikes and closures disrupted Gulf shipping and, in some reporting, Gulf food-import routes, India's Ministry of External Affairs issued advisories to nationals across Kuwait, Qatar and other Gulf states and worked to track and, where necessary, assist Indian citizens caught in the crisis. Inside Iran itself, the crisis of March 2026 was more acute: approximately 9,000 Indian nationals, many of them students from Jammu and Kashmir and Uttar Pradesh, were reported stranded after Iranian airspace closed following the 28 February strikes. India's embassy in Tehran relocated students to safer locations, and the government explored land evacuation routes through Armenia and Turkmenistan, drawing on the precedent of the June 2025 Operation Sindhu, which had evacuated over 4,400 Indian nationals from Iran and Israel during the earlier Twelve-Day War. By early April 2026, more than 1,200 nationals had been evacuated from Iran via Armenia and Azerbaijan, though this figure, drawn from a single news report, should be read as a snapshot rather than a final tally, since evacuation efforts continued in subsequent weeks alongside the broader advisory regime.

2.6.4 Energy security

India imports roughly 88 percent of its crude oil, and depending on the source and period cited, between 40 and 55 percent of its crude and a majority of its LNG and LPG normally transited the Strait of Hormuz. The closure produced an immediate and severe shock: India's crude oil basket price rose from roughly \$67–71 per barrel in late 2025 to over \$113 per barrel by 11 March 2026, according to specialist energy-market reporting, while India reportedly lost more than 40 percent of its crude flows in the weeks following the closure. The rupee fell to record lows, and foreign investors withdrew more than \$20 billion from Indian equities in the first four months of 2026 alone, according to government

data cited by OilPrice.com, exceeding the full-year record set in the previous year. Analysts cited in the same reporting flagged a possible slowdown in India's GDP growth for FY2026–27 to around 6.7 percent from 7.7 percent the previous year, alongside warnings from the Reserve Bank of India that continued closure could force monetary intervention and domestic fuel-price increases. India's Ministry of Petroleum and Natural Gas stated in early March 2026 that the country's energy companies retained access to non-Hormuz supply sources and that India held roughly 74 days of combined strategic and industry oil-stock cover, and Indian refiners subsequently increased purchases from Russia, the United States and other non-Gulf suppliers to cushion the shock — a diversification strategy that analysts at the Institute of South Asian Studies and elsewhere had already been recommending before the war intensified. This diversification did not eliminate India's underlying Gulf dependence, which several Indian strategic analysts note is likely to persist for structural reasons even as Iran itself remains, in MP-IDSA's assessment, a potentially significant long-term energy partner should sanction and political conditions eventually permit renewed cooperation.

2.6.5 Maritime security and connectivity

The Strait of Hormuz crisis converted what had been, for India, a background maritime-security concern into an immediate one, reinforcing arguments — long made by Indian naval planners — that instability anywhere along the Gulf, Gulf of Aden, Red Sea and wider Indian Ocean Region axis has direct consequences for Indian shipping, insurance costs and energy security, independent of India's own bilateral relations with the states involved.

The war's effects on the India–Middle East–Europe Economic Corridor have been double-edged. The conclusion of the India–EU Free Trade Agreement in January 2026 strengthened the corridor's institutional and

legal foundations, and the Hormuz crisis has, if anything, sharpened the argument for an overland alternative to Gulf shipping. Yet the corridor's own eastern maritime leg runs through Gulf hub ports — Jebel Ali and Khalifa among them — that lie behind the same Strait of Hormuz chokepoint the corridor was meant to help India avoid, a structural vulnerability that analysts at the Middle East Institute, the European Council on Foreign Relations and the Observer Research Foundation have all flagged since the war began. As of May 2026, according to Middle East Institute analysis, IMEC's implementation remained without firm funding commitments or construction timelines, complicated further by the strain the Gaza and Iran wars have placed on Israel's relations with Jordan and the Gulf states through which the corridor's northern rail segment would run.

2.7 India's Strategic Dilemma and Policy Options

India has, so far, avoided rupturing any of its four principal West Asian relationships — with Iran, Israel, the United States and the Gulf states — but the conflict has exposed real trade-offs rather than confirming that all can be pursued costless and indefinitely. Deepening defence cooperation with Israel and the United States has proceeded without interruption through the war, evidence that Washington and Tel Aviv now treat as a baseline expectation rather than a matter for renegotiation during a crisis. That continuity, however, has come alongside a visible weakening of the Iran relationship: the Chabahar waiver lapse, the zero budget allocation, and reports of a possible stake transfer collectively suggest that India's connectivity ambitions in Iran are, for now, subordinate to the imperative of not provoking sanctions risk with Washington — precisely the dynamic that critics such as those cited in the *Counter currents* and *East Post* commentary describe as a narrowing, rather than an exercise, of strategic autonomy. India's gains from its current posture are tangible: continuity

in defence-technology access from Israel, continuity in the broader US-India strategic partnership, preserved Gulf energy relationships, and avoidance of any formal alignment that would constrain future flexibility. Its risks are equally real: loss of the Chabahar and INSTC access that underwrote India's Afghanistan and Central Asia connectivity strategy for over a decade, exposure to prolonged energy-price volatility given Gulf dependence that diversification has only partially reduced, and diaspora and remittance vulnerability that no amount of diplomatic hedging can fully insulate against a shooting war. If forced to prioritise, the evidence suggests New Delhi has already made an implicit choice — protecting its US and Israeli defence relationships and its Gulf energy and diaspora ties over its Iran connectivity investment — even while its declaratory policy continues to describe all four relationships as equally valued. Whether that implicit prioritisation is sustainable depends heavily on whether Chabahar's decline becomes permanent and on whether China's Gwadar-centred alternative in Pakistan fills the resulting vacuum, a possibility Indian strategists including Brahma Chellaney have publicly warned against.

2.8 Future Scenarios

Scenario 1: Controlled de-escalation. Triggered by finalisation of the Iran-Oman Hormuz framework reported as near-complete in early August 2026 and by continued informal US pressure, exemplified by reports of the Joint Chiefs Chairman seeking an "off-ramp." Under this scenario, shipping normalises gradually, oil prices ease towards pre-war levels, and India's Chabahar calculus could improve if sanctions pressure eases correspondingly — though a plausible outcome is that even de-escalation leaves the port's waiver unrestored, since US policy on Iran sanctions has shown no sign of a broader reversal.

Scenario 2: Prolonged, limited conflict. The evidence of continued Houthi attacks on Saudi Arabia, Iran's demand for concessions before finalising any Hormuz agreement, and the absence of a comprehensive settlement suggests this scenario — intermittent strikes, periodic shipping disruption, and diplomatic stalemate — remains at least as plausible as full de-escalation. For India, this would mean continued energy-price volatility, continued strain on Chabahar, and continued pressure to hedge rather than choose among its four relationships.

Scenario 3: Wider regional escalation. The Mecca defence pact, explicitly framed by its signatories as a response to Houthi and Iran-backed militia threats against Saudi Arabia, creates a mechanism — an attack-on-one-is-attack-on-all commitment among Saudi Arabia, Turkey, and Pakistan — that could draw two more military powers directly into the conflict should attacks on Saudi territory continue or intensify. This remains contingent on Iranian and proxy behaviour rather than a certainty, but if realised, it would represent the most serious threat yet to Gulf energy infrastructure and to India's remittance and energy lifelines, and would sharply narrow India's room for continued hedging given Pakistan's direct involvement.

2.9 Conclusion

The Iran–Israel–US conflict has transformed West Asia's strategic environment through the killing of Iran's Supreme Leader, the most severe disruption to global oil markets on record, a new Saudi-Turkish-Pakistani defence pact, and a Security Council record that shows even China and Russia unwilling to shield Iran from formal condemnation. For India, the conflict has been less a single crisis than a prolonged stress test of the proposition that strategic autonomy can be exercised towards four partners with incompatible interests simultaneously. The evidence assembled here suggests India has managed the test without open rupture,

but not without cost: its Iran relationship, measured concretely through Chabahar, has weakened, while its Israeli and American defence relationships have deepened without pause. Whether India's strategic autonomy remains "effective" — in the sense of preserving genuine freedom of future choice rather than merely avoiding formal alignment — will depend on developments beyond India's control: whether the Hormuz framework holds, whether Washington's Iran sanctions posture eventually softens, and whether the Mecca pact draws Pakistan and Turkey more deeply into a conflict that has already reshaped India's energy security, diaspora safety and connectivity ambitions more than any West Asian crisis in a generation. The most defensible policy conclusion is not that India can indefinitely balance all four relationships, but that it should invest deliberately in the diversification — of energy sources, of connectivity routes, and of diplomatic leverage — that would let it absorb the next such crisis with fewer forced trade-offs than this one has required.

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Chapter 3

Geopolitics And Technology Driven Approach in the Realm of National Interest

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3.1 Introduction

The connection of geopolitics and technology has redefined the traditional levers of power, shifting the global focus from territorial conquest to the mastery of the digital and physical commons. In contemporary international politics, technologies like artificial intelligence, semiconductors, and 5G infrastructure are no longer just economic assets; they are strategic battlegrounds that determine a nation's ability to project influence and maintain sovereignty. This 'techno-geopolitics' is characterised by the race for technological decoupling, where superpowers compete for control over critical supply chains and rare-earth minerals to ensure a competitive edge. As cyber warfare and data dominance become as consequential as conventional military strength, the global order is increasingly shaped by a state's capacity to innovate and regulate the digital frontier, creating a world where algorithmic advantage is as vital as geographic positioning.

The technological innovation and geopolitical power represent the defining structural shift of the twenty-first century. As states move

beyond the post–Cold War moment of unipolarity and relatively frictionless globalisation, technology has ceased to function as a neutral instrument of economic development; it has instead become a primary arena in which strategic competition is organized and national power is accumulated. This transition often described as techno-geopolitics (Capri, 2020) signals the convergence of classical geopolitical concerns (territory, resources, and strategic location) with contemporary struggles over the command of digital and material infrastructures such as semiconductor fabrication capacity, cloud computing, undersea cables, satellite constellations, and standards for emerging technologies. In this reordered landscape, national interest is increasingly defined not only by territorial integrity or aggregate economic growth, but by the pursuit of technological sovereignty: the ability to design, produce, regulate, and secure critical technologies without coercive dependence on external actors.

Control over data-intensive platforms and the capacity to translate information into “algorithmic advantage” have become instruments of statecraft, enabling surveillance, influence operations, precision targeting, and economic leverage across borders. Indeed, as the popular metaphor “data is the new oil” suggests, raw information acquires strategic value only when it is extracted, refined, and governed through institutional and technical systems making questions of ownership, privacy, and access central to geopolitical rivalry. The systemic competition between the United States and China, the regulatory statecraft of the European Union, and the strategic positioning of middle powers such as India and Indonesia thus reflect a broader global realignment in which innovation is the currency of influence, supply-chain choke points become tools of coercion, and networked infrastructures shape the distribution of power in world politics (Allison, 2020; Farrell & Newman, 2019; Wu & Ruan, 2023).

3.2 The Theoretical Evolution of Techno-Geopolitical Power

The analytical framework of geopolitics is undergoing a profound transformation as the material foundations of power migrate from the control of physical space to the governance of digital networks and techno-industrial ecosystems. In classical geopolitics, the decisive variables of state survival were commonly interpreted through terrain and distance: access to oceans, mountain barriers, navigable rivers, and strategic chokepoints shaped trade routes, military logistics, and the defensibility of borders. Accordingly, geopolitical reasoning concentrated on how topographical conditions structured the “geographical scope” of political objectives and the strategies states adopted to pursue them (Sloan, 2021).

Yet even within this tradition, geography was never static; it was continually reinterpreted through changes in transportation, communications, and weaponry that altered what counted as proximity, vulnerability, and reach. The Industrial Revolution marked an early turning point in this respect: railways compressed continental distance, steamship routes expanded maritime mobility, and telegraphy enabled metropolitan centres to administer far-flung empires with unprecedented speed, thereby intensifying colonial expansion and consolidating state control over vast landmasses. What is distinctive about the contemporary moment, however, is that the key “spaces” of competition are increasingly infrastructural and informational rather than purely territorial. Power now hinges on who can build, secure, and regulate the connective tissue of globalisation data centres, cloud platforms, operating systems, payment rails, app ecosystems, satellite links, and the semiconductor supply chains that make computation possible.

Accordingly, the rapid advancement of digital technologies artificial intelligence (AI), semiconductors, quantum computing, and blockchain

has generated a new spatial logic in which interconnectivity and interdependence often matter more than geographic proximity (Eriksson & Newlove-Eriksson, 2021; McCarthy, 2017). States are therefore compelled to rethink national interest in terms of network position: the capacity to set standards, control gateways, and safeguard critical nodes against espionage, disruption, or coercion. This shift does not eliminate the relevance of territory, but it reframes it—territorial control increasingly derives strategic value from its relationship to networked infrastructures, including where cables land, where fabrication plants are located, where data is stored, and which jurisdictions can enforce rules over digital flows.

3.3 Territoriality to Network Centrality

A critical development in modern geopolitical theory is the distinction between territorialized competition and network-based competition. During the Cold War, power was projected through the creation of exclusive territorial blocs, where states sought to contain the expansion of rival ideologies through military alliances and geographic enclosure. In the contemporary era, often described as the “Second Cold War,” (Bryson & Malikova, 2021; Carmody, 2021) the focus has shifted towards control over global networks (Schindler, Alami, & DiCarlo, 2023). These networks encompass infrastructure, digital platforms, production chains, and financial systems.

The objective of modern great powers is to achieve “network centrality”—controlling the key nodes through which information, capital, and commodities flow. Centrality in these networks confers the ability to order relations among actors, manage the circulation of critical inputs, and exclude competitors from strategic domains (Hendrikse, van Meeteren, & Bassens, 2020). This shift is illustrated by the concept of weaponized interdependence, which posits that states with jurisdiction

over central network hubs can leverage their position for coercive ends (Farrell & Newman, 2019; Drezner, Farrell, & Newman, 2021). The emergence of network-based competition does not render territoriality obsolete; rather, it introduces “state-capitalist geopolitics” where nations mobilize techno-industrial policies and sovereign wealth funds to define the geography of these networks (Jayasuriya, 2021; Schindler, Alami, & DiCarlo, 2023). The resulting environment is one of heightened techno-geopolitical uncertainty, as disruptions in global value chains become common tools of statecraft (Germann, Lin, & Moktadir, 2024; Ivanov, 2025).

3.4 Neo Geopolitics and Strategic Actions

To explain why states, interpret the same external pressures differently, scholars increasingly turn to neoclassical geopolitics, an approach that links shifts in the international distribution of capabilities to the domestic filters through which leaders perceive threats and opportunities (Morgado, 2023). Rather than treating material power alone as determinative, this perspective emphasises that national interest is politically constructed through elite perceptions, strategic culture, institutional constraints, and public narratives that make certain policy choices appear necessary, legitimate, or urgent. In this sense, strategic narratives are not simply descriptive stories about the world; they operate as instruments of statecraft that organize priorities, justify trade and technology interventions, mobilize coalitions, and signal intentions to allies and adversaries (Gatica, 2025; Retzmann, 2024). In the escalating competition between the United States and China, researchers identify three influential heuristic narratives that structure global debates on AI, data governance, and digital infrastructure and, in turn, shape the policy toolkits states adopt from export controls and investment screening to standards diplomacy and supply chains.

3.5 National Models of Technological Sovereignty

Technology now shapes how well a state can perform its basic duties—protecting people, supporting the economy, providing welfare, and maintaining legitimacy. As a result, major powers are developing different models of *technological sovereignty*, based on their histories, values, institutions, and strategic goals (Wu & Ruan, 2023). In simple terms, technological sovereignty means having enough control over key digital and industrial systems to reduce risky dependence on others. This includes the ability to design and make important components, manage data and platforms, set and enforce rules, and protect critical infrastructure from pressure, spying, or attacks.

Countries do not pursue sovereignty in the same way. Their choices depend on where they sit in global supply chains and what threats they fear most. Some rely more on markets, some on state planning, and many use a mix of both. These models affect how governments balance security with openness, and how they use industrial policy, standards, and partnerships to guide innovation. The next sections compare three major approaches: the United States’ innovation-driven model, China’s state-led push for self-reliance and external influence, and the European Union’s use of regulation to gain leverage while reducing key dependencies.

3.6 The United States Model: Hegemony through Innovation and Protection

For a long time, the United States followed a market-based model in which large technology companies led innovation and the state played a limited role. But growing competition with China has pushed the U.S. towards “intervention-oriented techno-nationalism,” where the government takes a more direct role in shaping key technologies (Reich, 1987; Wu & Ruan, 2023). Today, the U.S. treats technological

leadership as a core national-security interest, combining major domestic investment with policies that use global economic ties to limit rivals' access to critical capabilities (Miller, 2022).

This approach is also shaped by what scholars call the “militarization of commercial innovation” (Weiss, 2015). Because private firms in Silicon Valley and defence-focused startups now lead advances in AI and high-end computing, the U.S. government is trying to connect commercial success more closely to national defence goals. Laws such as the CHIPS and Science Act and the proposed Chip Security Act (Moolenaar, 2024) reflect this change by strengthening oversight of advanced chips, including checks on where they are used and reporting rules to reduce the risk that sensitive technology is diverted to restricted actors.

3.7 The Chinese Model: State-Led Insulation and Global Influence

China follows a state-led technology model that puts national security above market freedom and individual rights (Inkster, 2021). It treats data as a strategic asset that should be owned and controlled by the state, a system described as “cloud insulation” (Bassens, Fang, & Pascal, 2025). This strong control helps China roll out large systems quickly, including social scoring and facial recognition, to support political order and social stability (Wu & Ruan, 2023).

Abroad, China expands influence through the “Digital Silk Road” by building infrastructure and spreading its standards in partner countries (Benabdallah, 2019). With state support for firms such as Huawei and ZTE, it has gained greater weight in global standard-setting bodies and challenges Western, market-led systems (Seaman, 2020). At the same time, China pushes for domestic self-reliance in key technologies and uses civil-military fusion to turn economic strength into military capability (Khan, 2024).

3.8 The European Union Model: Regulation as Power

The European Union does not lead the world in big tech platforms like the U.S., or in large-scale manufacturing like China, so it uses rules as its main source of influence and is often called a “regulatory superpower” (Bradford, 2023). Its idea of “citizen-centric digital sovereignty” puts rights, transparency, and human dignity at the centre of technology policy (Csernaton, 2021; Helwig, 2021). By setting strict rules for data protection and AI, the EU can shape how global companies operate because firms must meet EU standards to do business in the single market (Bradford, 2023). At the same time, the EU wants to reduce risky dependence on outside suppliers for key areas such as semiconductors and green-energy technologies, so it is building more capacity at home and “de-risking” from China through new industrial policy for micro- and nanoelectronics (Franke & Torreblanca, 2021). The appointment of an Executive Vice President for Tech Sovereignty shows how the EU is trying to turn these goals into practical action within its broader strategy of strategic autonomy (Franke & Torreblanca, 2021).

3.9 Semiconductors: The Foundational Battlefield

Semiconductors have become the “brains” of modern electronics and the foundational “engine” of military and economic power. In the realm of national interest, semiconductors are no longer mere commodities; they are strategic assets that determine a state’s future competitiveness and security (Miller, 2022; Svaton, 2025). The extreme geographic concentration of semiconductor manufacturing particularly in Taiwan, South Korea, and Japan has created a volatile environment where supply chain stability is tethered to geopolitical tensions (Chang, Shiu, & Wang, 2021; Miller, 2022).

3.10 The Restructuring of Global Supply Chains

The U.S.-China rivalry has catalyzed a massive restructuring of the semiconductor supply chain, moving away from the efficiency-seeking models of the past towards security-focused resilience (Aoyama, Gupta, & Sharma, 2024; Ivanov, 2025). The U.S. has led the formation of the “Fab 4 (Chip 4) Alliance,” a strategic grouping with Japan, South Korea, and Taiwan aimed at creating an alternative, trusted supply chain that excludes China (del Aguila, 2024; Yoon, 2023). This alliance represents a “techno-geopolitical” mechanism designed to prevent the leakage of advanced technology while securing the production capacity necessary for AI and military systems.

China, in response, has launched an aggressive campaign to achieve “self-reliance” in semiconductors, pouring hundreds of billions of dollars into its “Big Fund” to support domestic manufacturing and research (Baark & Qian, 2025; Khan, 2024). Beijing faces significant hurdles due to U.S. export controls on advanced lithography equipment and high-end chips, which are essential for training the next generation of AI models. This “chip war” is a zero-sum contest where control over the smallest transistors translates into the ability to rule the world of the future (Miller, 2022).

3.11 The Impact on National Defence Strategies

In modern warfare, semiconductors undergird everything from stealth aircraft and missiles to autonomous drones and AI-driven battle management systems (Afina & Persi Paoli, 2024). The integration of high-performance microelectronics into military hardware is termed “informationized” and “intelligentized” competition (Nadibaidze, Zeff, & Persi Paoli, 2024). States that fall behind in semiconductor capability risk obsolescence on the battlefield, as they will lack the processing speed and precision necessary to counter AI-enabled threats (Miller, 2022). The

reliance of the U.S. defence industrial base on commercial off-the-shelf components has introduced new vulnerabilities. Shortages or disruptions in the supply of “legacy” chips older but essential semiconductors can paralyze the production of tanks, ships, and communication gear (Svaton, 2025). Consequently, national interest now dictates that states must not only lead in “leading-edge” chip design but also ensure a stable, domestic supply of “foundational” microelectronics.

3.12 Artificial Intelligence and Algorithmic Power

Artificial Intelligence (AI) has emerged as the most disruptive force in contemporary geopolitics, with the capacity to reshape global power dynamics and the very nature of sovereignty. The ability to collect, process, and operationalize vast amounts of data has given rise to a new form of “algorithmic power,” where strategic advantage is measured by information processing speed and predictive capacity rather than the sheer size of armed forces (Capri, 2024).

3.13 The Militarization of AI and Autonomous Systems

AI is rapidly reshaping warfare by speeding up how militaries detect threats, make decisions, and deploy force. It is already used for real-time decision support, automated surveillance and threat detection, and to operate autonomous drones and ground systems (King, 2024). Because many breakthroughs come from fast-moving commercial R&D, governments increasingly depend on private technology firms, turning them into key actors in national security (Weiss, 2015).

AI-assisted targeting can weaken ethical restraint by placing more distance between human operators and the direct violence of war (Goodfriend, 2025; Sauer, 2020). This algorithmic mediation may erode judgement as personnel rely on machine-generated targets and records rather than deliberation (Goodfriend, 2025). Even so, competitive

pressure drives states to chase algorithmic superiority to avoid falling behind rivals capable of machine-speed operations (Mozur & Satariano, 2024).

3.14 AI Governance as Geopolitical Norm-Setting

Regulating AI has become part of great-power competition, as states try to embed their values in the standards and rules others will follow (Heumann, 2021). The European Union's AI Act is a leading example: it uses a risk-based approach that bans certain harmful uses, such as real-time biometric surveillance, and requires strong transparency for high-risk systems (Bradford, 2023). The U.S. and EU are also aligning through forums such as the Trade and Technology Council (TTC), opposing AI uses that violate human rights, including China's social scoring practices (Bradford, 2023). This cooperation points to a "human rights-oriented alliance" on AI governance, positioned against authoritarian models that use AI for broad social control (Gatica, 2025).

3.15 Technical Standards: The Hidden Geopolitical Architecture

While often viewed as purely technical, the definition of technical standards the specifications that ensure the quality, security, and compatibility of products is a critical source of political and economic power (Seaman, 2020). Standards create "lock-in effects" and path dependency for future technological trajectories, determining which companies and countries dominate global markets (Bruer & Brake, 2021). In Asia, China has moved from a passive taker of international standards to a proactive shaper of them. Through its "China Standards 2035" strategy, Beijing has mobilized its state-owned enterprises and private firms to gain leadership roles in bodies like the ISO, ITU, and 3GPP (Seaman, 2020). China's strength in 5G standards has been

particularly galling for Western powers, as it has allowed Chinese firms to claim a significant share of the intellectual property essential for next-generation mobile networks (Bruer & Brake, 2021; Seaman, 2020).

3.16 The Response from the Transatlantic Alliance

The U.S. and Europe long treated standards as market-led outcomes, but they now recognize that authoritarian, state-subsidized actors can use the same system strategically (Franke & Torreblanca, 2021). As a result, there is growing pressure for transatlantic coordination so that standards for 5G, AI, and smart cities reflect “free, open, and ethical” principles (Heumann, 2021). Without alignment, the technology ecosystem may split into two incompatible blocs, forcing third countries to choose between U.S.-backed technology and Chinese-subsidized infrastructure—choices likely to shape their geopolitical orientation for decades (Inkster, 2021).

3.17 The Geopolitical Ecology and Information Technology

The digital world is not an ethereal cloud; it is anchored in a vast physical infrastructure of data centres, undersea cables, terrestrial fibre routes, satellite ground stations, and the electricity grids that keep these systems running (Sassen, 2013). Every online search, financial transaction, streamed lecture, or military data link ultimately depends on buildings filled with servers, industrial cooling systems, secure logistics, and constant power supply. This material base creates a ‘geopolitical ecology’ in which geography returns through concrete questions of where data is stored, which jurisdictions regulate it, and which territories host the critical nodes that connect national economies to global networks. For national interest, the key issue is who can reliably secure and sustain these physical foundations of the internet because control over servers, cables,

and energy flows increasingly determines autonomy, resilience, and strategic leverage in the digital age.

3.18 The 2030 Fragmented Order: Future Approach

The interplay between technology and geoeconomics is pushing the international system towards a “Great Fragmentation,” in which global rules, markets, and infrastructures become less unified and more politically divided (Institute for Economics & Peace, 2026). Instead of a single, integrated globalisation, states are increasingly organizing trade, finance, and technology around security priorities—reshoring or “friend-shoring” supply chains, tightening export controls, screening investment, and using sanctions to limit rivals’ access to critical inputs such as advanced chips, cloud services, and sensitive data.

By 2030, this trend is expected to produce a more multipolar and volatile order, where influence is dispersed across several major powers and powerful technology actors, and where no single superpower can easily set the rules for everyone else (Institute for Economics & Peace, 2026). For national interest, the central challenge will be managing dependence without isolation building resilience and strategic autonomy while still securing access to innovation, markets, and partnerships. The following sections therefore examine how middle powers expand their room for manoeuvre in this fractured environment and outline plausible scenarios for how the global economy may evolve under different combinations of technological change and geopolitical stability.

3.19 The Rise of Middle Powers and Strategic Autonomy

The decline of superpower influence and the spread of economic and technological capabilities have allowed “middle powers” such as Indonesia, Türkiye, Saudi Arabia, and Brazil to expand their reach in regional and global affairs (Institute for Economics & Peace, 2026). These

states are no longer only rule-takers; many now have leverage because they control strategic commodities, critical sea lanes, fast-growing consumer markets, or key positions in energy, food, and technology supply chains. As a result, they increasingly pursue “strategic autonomy,” a flexible approach that avoids permanent alignment with any single bloc and instead keeps working ties with both Western and Eastern powers to protect room for independent choice (Institute for Economics & Peace, 2026).

In practice, this often means hedging, cooperating with the United States and its allies on some security or technology issues while partnering with China, Russia, or Gulf actors on trade, energy, infrastructure, and finance when it serves national priorities. Middle powers also use issue-based coalitions and minilateral groupings to amplify their voice in global governance, bargaining for better terms in investment, standards, and development funding. They are therefore shaping global trade routes, development finance, and international institutions more directly, and they frequently resist pressure to “choose sides” in U.S.-China rivalry. For national interest, the central objective is to turn this wider set of options into concrete gains—securing technology access, investment, and security partnerships while limiting exposure to sanctions, supply shocks, or coercive dependence in a fragmented global order.

3.20 Conclusion

The realm of national interest has been fundamentally reshaped by the technology-driven forces of the twenty-first century. Power is no longer judged only by territorial control or the size of a conventional military, but also by a state’s ability to build and deploy advanced AI and to secure resilient semiconductor supply chains. The shift from market-oriented liberalism to intervention-oriented techno-nationalism signals the end of an era in which technology was treated as a neutral engine of a unified

global economy. Looking towards 2030, the international system is likely to be marked by network-based competition and deeper fragmentation, with middle powers and major technology firms playing more decisive roles in setting rules and shaping outcomes. In this environment, technological sovereignty is not simply an economic preference; it has become a basic condition for autonomy and security, especially as synthetic media and autonomous weapons intensify the strategic value of information and connectivity. The central task for the coming decade is to manage rivalry and instability without sliding into open conflict, even as competition between major powers continues to harden. To put it simply, in the current geopolitical landscape, the selection of technical standards can influence global affairs as decisively as physical borders.

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PART II

**INDIA'S BILATERAL RELATIONS
AND NEIGHBOURHOOD
DIPLOMACY**

Chapter 4

India-United States bilateral Trade: Irritants and Opportunities

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4.1. Introduction

Indian leadership, after independence, found the US model of economy unsuitable. India not only rejected the American line in economic and military-strategic matters but presented the Non-aligned perspective. This was an idea which was not acceptable to the US. The model of Soviet Union (USSR), on the contrary, was found to be more sympathetic to Indian needs. The Soviet Union helped India develop in many ways. It was natural that it became India's biggest trading partner. Problem arose when the USSR disintegrated in 1991. India, despite serious efforts for diversification, had become dependent on USSR for its 70% of trade and 70% of military aid and equipment. That means disintegration of USSR was disastrous and sudden as far as the Indian trade interests were concerned. It also created a vacuum of relationship that could not be filled easily. Russia, in its new form, had neither the resources nor the will to put India-Russia relations back on track.

With this background, India-US trade relations gained a new opportunity. The present paper tries to analyse India-US trade relations from 1991 to the present as Trump tariffs have posed new challenges.

4.2. Convergence of Interests and Trade

India's trade relations with the US were never smooth. After independence, India did not toe the line of the United States. The US wanted newly independent countries, especially India, to adopt the US model of development. India, instead of following the Western capitalist and free market economy model for development, chose the middle path of a mixed economy in which major areas of the economy remained under state control. Trade too remained under state control. Though the mixed economy model created the needed infrastructure in the country, it failed to boost the economy in the desired way. So, Indira Gandhi in the early 1980s initiated, and Rajiv Gandhi further took forward, the process of economic liberalization. However, it was the balance of payment crisis in 1990–91 that compelled the decision-makers in India to rethink the strategy of economic development seriously. The Indian leadership came under tremendous pressure to liberalize the economy. Due to internal as well as external factors, India ventured towards a liberal or free market economy on 24 July 1991.

In the United States, the priorities of the Clinton administration were made clear during the campaign for the presidential election, and it was the revitalization of the US economy. The cause of the election of Clinton in place of Bush was also the electoral choice of an internal economic agenda rather than foreign political issues. It brightened India's prospects and widened the scope of India-US cooperation. To put the economy on the right track, the United States needed new markets, new investment opportunities, and new jobs. India, as the latest and largest market to

open up, provided those opportunities. India also wanted opportunities for trade and much-needed investment from one of the biggest economies in the world. India had expectations that the Cold War apprehensions would be gone and the US would contribute significantly and positively to the process of growth and development of the Indian economy. In this context, a cursory look at the trend of trade and investment between India and the United States would be helpful in analysing the true nature of the relationship.

4.3. Trade in the 1990s

Till 1988–89, India's trade with the United States was almost stagnant. The year 1991–92 marked a negative growth rate of –10%. The opening up of the Indian economy because of the reforms and the subsequent visit of Indian Prime Minister Rao to the United States changed the picture. There was a marked rise in the two-way trade between India and the United States during the year 1993–94. The rise was significant and was as high as 23%. By 1998, the United States became the biggest trading partner of India. India's exports to the US increased since 1988–89. In the year 1988–89, India's total exports to the United States were around \$2.9 billion, and the figure reached \$4.4 billion during the year 1993–94. The rate of growth continued to vary between 18% and 20%. The exports to the United States reached the figure of \$5.7 billion in 1998. This was, however, an increase of only 6.6% over the previous years' exports. India's imports from the United States witnessed continuous decline until 1992–93. India's total imports from the US went down from \$2.5 billion to \$1.9 billion in 1992–93 over 1988–89, registering an overall decrease of more than 22%. India's imports from the US in 1994 went up to \$2.4 billion. This was an increase of 26% over 1992–93. This sharp increase within the span of a year indicated positive movement in India's trade relations with the US.

The trend in the balance of trade showed that India had a positive balance of trade with the United States, whereas the United States' trade with India had been registering a negative balance. In the year 1988–89, India's trade surplus with the US was around \$0.5 billion. This figure went up to \$2 billion in 1992–93. In 1993–94, it reached \$2.2 billion. This trend had been persistent due to the higher growth rate in India's exports to the United States as compared to India's imports from the United States. However, the imports from the United States improved since 1993–94, but Indian exports to the United States registered only 6.6% rise, meaning the volume of trade was higher between the two countries in those years, but the margin of surplus for India was narrow. The pressure on India to further liberalize the economy and open up the market also strengthened the tendency. Though the United States became the biggest trading partner of India, India acquired a very tiny position in the total volume of the United States' trade. During the year 1992–93, India's share in the United States' total exports and imports was only 0.4% and 0.7% respectively, and despite the rising trade between the two, there was no substantial change in India's position in the United States' total trade. The United States also emerged as the largest investor in India. Since the 1991 economic reforms in India, the nature and scope of India-US investment relationships have also changed. The US approved a sum total of \$388,660 million of foreign direct investment in India between 1991 and 1997. However, the trend representing actual FDI in India shows that the actual inflow from the US amounted to only 13% of the total approved figure as compared to the average percentage of 22% for all countries.

4.4. Irritants in Trade

The positive trend in India-US trade, however, did not reveal the underlying irritants that marred actual economic cooperation between the

two countries. Since 1991, there have been tensions between the two states on the issue of Intellectual Property Rights (IPR). The US even put India on the watch list of Special 301. The then Commerce Minister of India, P. Chidambaram, tried to assure the US officials by explaining that much of the US apprehensions regarding India's stand on IPR arose from the US's ignorance of the Indian situation. For instance, the US was making a distinction between federal agencies and state agencies in the context of patent law in India, whereas no such distinction exists in India. The major US concerns regarding drug patents were largely unfounded since nearly 90% of drug formulations were not covered by US law either. Regarding the remaining drugs, the dispute between India and the US was really about the period of payment protection rather than royalty. The US calculations of losses on account of non-payment of royalty were, therefore, grossly exaggerated. Chidambaram pointed out that in the vital field of plant genetics, Indian scientists also wanted greater protection under patent law. On copyright violation, India's view was that private litigation was the way out.

During the investigations by the US, the dispute between India and the US was narrowed down to the absence of a provision in Indian patent law for product patents in the pharmaceutical industry. India's law then did not permit product patents in areas of food, chemicals, and pharmaceuticals. The idea behind this was to keep the prices of drugs low. What could be patented in India was the manufacturing process for a period of 7 years. This situation, according to the US, was harmful to the interests of American companies which spent millions of dollars on research. More importantly, India's position on the issue of IPR was made clear time and again, that it was a matter to be deliberated and decided at the multilateral forum; still, the US administration chose to make it a

bilateral issue. The IPR issue had wider ramifications as it affected overall technology transfers to India.

Furthermore, there were difficulties in pushing India towards radical reforms in the relevant laws at that stage due to the weak position of the Rao ministry in Parliament. The US-India Business Council also asked the Bush administration to abandon its proposal to take retaliatory action against India under its trade law, i.e., Special 301 provisions of the 1988 Omnibus Trade and Competitiveness Act. But the US administration never paid any attention to Indian concerns. The US 1992 annual report on foreign trade barriers, though appreciating the numerous market-friendly steps taken by the Indian government, expressed concern about patent protection for the pharmaceutical industry. The report said in February 1992, "USTR determined that India's denial of adequate and effective patent protection was unreasonable and restricts US commerce." So, the United States Trade Representative (USTR) left the door open for trade action.

After the expiry of the given deadline on 29 April 1992, the US retaliated against India for its inadequate protection of patents in the pharmaceutical industry. The USTR declared that Indian pharmaceutical exports to the US would no longer enjoy duty benefits under the Generalized System of Preferences (GSP). This action suspended duty-free treatment afforded under GSP to certain eligible articles that were imported from India. This action affected Indian export products like antibiotic chemotherapeutic and anti-parasite drugs worth about \$60 million annually to the US. The duty involved was about \$3 million. India was warned further of "larger steps" if it did not address American concerns. The Deputy US Trade Representative said the American action was inevitable because of the continued "theft" of American patents,

failure of talks both in New Delhi and Washington, and India's refusal to cooperate with the US in GATT negotiations on the issue.

This kind of pressure was continuously applied on India by the US. Likewise, India's attempt to export rice to Cuba had to be suspended because the US Agriculture Secretary linked India's attempt to purchase wheat from the US with its decision to sell rice to Cuba. This was treated not only as an unfriendly action by the US but as a major attack on India's sovereignty in terms of its ability to enter into straightforward commercial transactions with a friendly country which is free of any UN embargo or other trade sanctions. It was interpreted as worse than the Dunkel proposals in terms of loss of sovereignty because GATT was an international law to which many countries had subscribed. In this case, India was forced unilaterally to suspend exports of the surplus produce of its farmers. This was adjudged a gross violation of sovereignty in the area of foreign trade. The Prime Minister of India said that India would not tolerate arm-twisting or dictates from any other country and would continue to charter its own independent course without coming into confrontation with any big or small power. The US imposed anti-dumping duties on Indian goods, restricted market access for textiles, and imposed visa curbs on computer personnel despite viewing India as one of the ten Big Emerging Markets (BEMs). It also banned imports of Indian chiffon skirts and carpets. Thus, the US approach remained guided only by US interests.

4.5. WTO and Trade

In January 1995, after 8 years of Uruguay Round talks, a new organisation, the World Trade Organisation (WTO), was set up. India became its founding member and became a member of the globalized economy. To ease relations, the India-US Commercial Alliance, a super

forum for bilateral consultations, was set up despite the WTO regime professing only multilateral agreements. This was aimed at forging closer business-to-business links, so that government officials would take a back seat and the governments of the two countries would act only as facilitators. India asked the US to provide market access to Indian goods and also to avoid protectionist measures like the imposition of countervailing duties on Indian exports because the continued success of India's ongoing reforms process would critically depend on improved market access for its exports in the US and elsewhere. India gradually started reducing customs and tariff duties. This was all dependent on its balance of payments situation in trade. Many items were put on the general license list. Quantitative restrictions were also being removed by India. But the US insisted on opening the service sector, banking, and insurance sectors.

US President Bill Clinton in his State of the Union address in February 1997 clarified the state of America's global role. His six-point foreign affairs agenda included that US security, US priority, and more importantly, 2 million American jobs depend on trade with Asia. In this context, it was expected that the Clinton administration would pay more attention for better US-India relations in his second term. But to the US, East Asia remained more alluring than India.

4.6. Nuclear Tests and Trade

On 11 and 13 May 1998, India conducted nuclear tests. Bill Clinton, naming it the biggest blunder, imposed total economic, military, and technological sanctions on India. Under the Glenn Amendment, all military, technological, and economic aid was stopped. It amounted to ₹2.1 crore. The greenhouse gas programme worth ₹60 lakh was postponed. \$1.17-billion debt was suspended from the World Bank and

IMF. Trade in only food and other Agro-based commodities was allowed. As a result, Indian companies including BHEL, Kirloskar, LNT, and 39 others were forced to minimize their working in the United States. India reacted by saying that these restrictions and sanctions were illogical and harmful for increasing US-India trade as this was the time when the atmosphere for better trade relations was being made. However, these restrictions affected US companies more than Indian companies. US companies and banks demanded the lifting of sanctions against India. Succumbing to these demands, the US started removing the restrictions. After the terrorist attack on the World Trade Centre and the Pentagon, all economic sanctions were lifted. Trade and investment went up after that. During 1999 and 2004, an increase in FDI was registered. Initially, the high-technology sector was opened for FDI, but slowly all other sectors were opened.

4.7. Post-2000 Trade Scenario

The United States became one of India's largest direct investors. The stock of FDI inflow increased from \$11 million in 1991 to \$344.4 million in 2004, totaling around \$4.13 billion. This was a compound rate increase of 57.5% annually. The United States also became India's largest investor partner with direct investment of \$10 billion, accounting for 9% of total foreign investment. American companies have made notable investments in Asian countries, especially in power generation, telecommunication infrastructure, petroleum exploration, and processing in mining industries. Indian direct investments abroad began in 1992, and today Indian corporations and registered partnership firms can invest in businesses up to 100% of their net worth. India's largest outgoing investment was in the manufacturing sector, which accounted for 54.8% of the country's foreign investments. The second largest was in non-

financial services (software development), accounting for 35.4% of investments.

Besides being the largest direct investor, the US became India's largest trading partner. India became the US's seventh largest trading partner. American imports from India amounted to \$406.6 billion, or 2% of its overall imports, and 15.3% of India's overall exports in 2015. The US exported \$25.7 million worth of goods to India and imported \$48.6 billion worth of Indian goods in 2017. Major items imported from India included Information Technology Services, machinery, gems and diamonds, chemicals, iron and steel products, coffee, tea, and other edible food products. The major American items imported by India include aircraft, fertilizers, computer hardware, scrap metal, and medical equipment.

4.8. Trump Tariff and Indo-US Trade

Despite being the largest trading partner, India and the US got entangled in a series of trade spats across various sectors during 2018. The Trump administration terminated India's preferential trade status, which was part of a programme dating back to the 1970s that allowed products from developing countries to enter the US market duty-free. US President Trump said that this action was taken because India had not provided equitable and reasonable access to its own market to US companies. Later on, India retaliated by imposing tariffs on 28 US products including almonds, walnuts, pulses, chickpeas, Bengal gram, and masur dal in retaliation to US duties on steel and aluminium imposed in 2018. Though India had drafted the retaliatory tariffs earlier, it held off on implementing them amid trade talks. Trump had been complaining about the hike in import tariffs by India on American motorcycles, even as India slashed customs duty on imported motorcycles from high-end brands

such as Harley-Davidson to 50% from 100% earlier. Trump said it was too high and unacceptable. It was hoped that a trade deal would be signed and all misgivings would be over during Trump's visit to India in February 2020, but it didn't materialize. Trump said big deals would be taken care of later. The United States is one of India's largest trading partners and most important export markets. Many US companies view India as a critical market and have expanded their operations here. Likewise, Indian companies are increasing their presence in US markets. At the end of 2020, Indian investment in the United States totalled \$12.5 million, supporting over 70,000 American jobs. Nearly 200,000 Indian students in the United States contributed \$7.7 billion annually to the US economy. In 2021, US-India bilateral trade in goods and services reached \$157 billion, which was a record.

4.9. Second Term of Trump and Trade Deal

The US declared a 25% reciprocal tariff on exports of Indian goods on 2 April 2025 but delayed it until 27 August 2025 and clamped a 25% additional penalty tariff for purchasing oil from Russia. This amounted to a 50% US tariff on Indian goods. At present, US-India trade amounts to ₹12 lakh crore. US exports to India are ₹4.17 lakh crore, whereas India's exports to the US are ₹7.91 lakh crore. Long negotiations were held between the US and India to sign a trade deal, and it was finalized in February 2026. Because of this interim deal, the reciprocal tariff was reduced to 18%, and the penalty tariff of 25% was also removed. The reason the US signed this deal was that India had taken decisive measures, such as signing trade deals with other countries. India signed trade deals with Britain, Oman, New Zealand, the EFTA Bloc, and the European Union. India joining the Pax Silica group, Narendra Modi's visit to China and show of closeness to Russia, the success of the AI Impact Summit in Delhi, coupled with some other strategic considerations and the US fear

of India not opening its markets to US goods if the deal was not signed, created a favourable atmosphere for this deal. The trade deal between India and the US is being criticized by opposition parties in India. They allege that this deal will open Indian agriculture and agricultural goods markets to the US and will adversely affect the interests of Indian farmers, as Trump said that India has agreed to bring reciprocal tariffs on all US goods to zero. India will buy items from the US worth ₹46 lakh crore, including agricultural items. India will stop buying oil from Russia and will buy oil from Venezuela. However, the US Supreme Court verdict declared the tariff laid down by Trump unlawful and struck down all tariffs. Trump, declaring it to be a great mistake, clamped a 10% tariff on all exports to the US from all countries. Experts say this is also unlawful and will likely be struck down by the US Supreme Court. Trump has clamped a 10% tariff under Article 122 of the Trade Act of 1974. Article 122 allows such a tariff only for 150 days. If the Trump administration fails to plead the case in court that the concerned country has acted against the national security of the US or its trade practices, the 10% tariff will cease to exist on 24 July 2026.

4.10. Conclusion

In conclusion, it can be said that after independence, India-US trade was not noteworthy due to India's closed borders, high tariffs, and mixed economy. After 1991, due to the opening up of the Indian economy and India marching into a globalized world, India-US trade improved. India-US trade balance remains in favour of India. Therefore, the US always tried to tilt it in its favour by applying many laws including Special 301, etc. The tendency of ever-growing India-US trade even survived the sanctions imposed by the US in 1998 after the nuclear tests by India. US President Trump, being a businessman himself, again tried to balance trade in favour of the US by imposing duties on Indian products so much

that a trade war-like situation was created. These steps by the US undermine WTO authority and are being opposed.

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Chapter 5

India's Bilateral Relations with Neighbours

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5.1 Introduction

India's foreign policy plays a crucial role in shaping its relations with other countries and in promoting its national interests in the international system. In recent decades, India has increasingly focused on strengthening diplomatic engagement with neighbouring countries and major global powers. These relations help India promote regional stability, expand economic cooperation, and address common global challenges. As the global political and economic system gradually moves towards a multipolar order, bilateral diplomacy has become a key tool through which countries pursue cooperation and manage differences (Dutt, 1999; Pant, 2011). Scholars such as Dutt (1999) and Pant (2011) have extensively analysed India's foreign policy, emphasizing strategic autonomy, regional engagement, and evolving global partnerships as key elements of India's diplomatic approach. Bilateral relations refer to the political, economic, cultural, and strategic interactions between two sovereign states. These relations are usually developed through diplomatic dialogue, trade agreements, defence cooperation, and people-to-people exchanges. Bilateral diplomacy enables countries to promote mutual

interests, resolve disputes peacefully, and strengthen long-term partnerships. For India, bilateral engagement is particularly significant because of its geographic location in South Asia and its growing role in global politics (Dutt, 1999). India's relations with neighbouring countries have long been shaped by geographical proximity and historical linkages, a feature noted even in earlier geographical writings on India (Andrew, 1878). Countries such as Bangladesh, Nepal, Sri Lanka, Pakistan, and Afghanistan share historical, cultural, and economic linkages with India. To strengthen cooperation in the region, the Government of India has emphasised the "Neighbourhood First" policy, which focuses on improving connectivity, trade, and development partnerships with neighbouring states (Ministry of External Affairs, 2023). At the same time, India has expanded strategic partnerships with major global powers such as the United States, Russia, China, and Japan.

These partnerships involve cooperation in areas such as defence, trade, technology, and regional security. Managing relations with both neighbours and major powers is therefore an important part of India's diplomatic strategy in the evolving global order (Dutt, 1999; Pant, 2011). The geographical proximity of India to its neighbouring countries makes these relationships strategically significant. The following table provides a concise overview of India's neighbouring countries, including their capitals, type of border shared, approximate border length, and their strategic importance for India's foreign policy.

Table 5.1: India's Neighbouring Countries – Overview

Country	Capital	Type of Border	Border Length (Approx.)	Strategic Importance
Afghanistan	Kabul	Land	106 km	Access to Central Asia.

Bangladesh	Dhaka	Land	4096 km	Longest border; Strong trade & connectivity.
Bhutan	Thimphu	Land	699 km	Hydropower cooperation.
China	Beijing	Land	3488 km	Border disputes.
Myanmar	Naypyidaw	Land	1643 km	Gateway to Southeast Asia (Act East Policy).
Nepal	Kathmandu	Land	1751 km	Open border ties.
Pakistan	Islamabad	Land	3323 km	Security and terrorism concerns.
Sri Lanka	Kotte	Maritime	Sea Border	Indian Ocean strategy and trade routes.
Maldives	Male	Maritime	Sea Border	Important for maritime security and regional influence.

Source: Compiled by the author based on the Ministry of External Affairs (2023), Dutt (1999), Pant (2011), and Ministry of Home Affairs (2022)

India maintains robust border and internal security through specialized forces tasked with safeguarding different segments of its international borders. The Border Security Force is primarily responsible for securing India's border with Afghanistan, Pakistan and Bangladesh, ensuring territorial integrity and preventing cross-border infiltration. The Sashastra Seema Bal protects the border with Nepal and Bhutan, focusing on both security and facilitating legal cross-border movement. The Indo-Tibetan Border Police is deployed along the India-China border in the high Himalayas, guarding against incursions and maintaining surveillance in remote mountainous regions. The Assam Rifles operate in the north-eastern states along the India-Myanmar border, contributing to counter-insurgency operations and regional stability.

Additionally, the Special Frontier Force, a highly trained paramilitary unit, is tasked with strategic operations in sensitive border areas, primarily in the northern and north-eastern sectors of India (Ministry of Home Affairs, 2023). For major global powers such as the United States, Russia, China, and Japan, India engages through strategic defence partnerships, joint military exercises, technology cooperation, and intelligence-sharing initiatives, rather than deploying its border-specific forces. These engagements strengthen India's strategic autonomy and regional security while complementing its internal border management capabilities.

5.2 Significance of Bilateral Relations in International Diplomacy

Bilateral relations are one of the most important forms of interaction in international diplomacy. The term "bilateral" refers to relations between two independent states that cooperate and communicate with each other through diplomatic, economic, cultural, and strategic engagements. These relations are usually developed through diplomatic dialogue, trade agreements, defence cooperation, cultural exchanges, and official state visits. Bilateral diplomacy allows countries to address common interests, resolve disagreements peacefully, and promote mutual development (Dutt, 1999). In the contemporary international system, bilateral relations play a crucial role in maintaining stability and cooperation among states. Although multilateral organisations and international institutions are important, countries often rely on direct bilateral engagement to manage sensitive political, economic, and security issues. Bilateral diplomacy provides greater flexibility and allows governments to negotiate agreements that reflect their specific national interests. For this reason, bilateral relations remain a central component of foreign policy for most countries, including India (Pant, 2011).

For India, bilateral relations have been an essential element of its foreign policy since independence. India's diplomatic approach has traditionally emphasised peaceful coexistence, mutual respect for sovereignty, and cooperation with other countries. Over time, India has developed diplomatic partnerships with a large number of countries across different regions of the world. These partnerships support India's objectives of economic development, security cooperation, and international collaboration (Dutt, 1999). Bilateral relations are particularly significant for India because of its geographic position and its role as a major country in South Asia. The stability and development of the region are closely linked to India's relations with its neighbouring states. At the same time, India's engagement with major global powers is important for addressing broader geopolitical and economic challenges in the international system. Through bilateral diplomacy, India seeks to strengthen trust, expand economic partnerships, and contribute to regional and global stability (Pant, 2011; Ministry of External Affairs, 2023). Thus, bilateral relations remain a key instrument through which India manages its diplomatic interactions with other countries. Understanding the concept and significance of bilateral diplomacy is therefore essential for analysing India's relations with both neighbouring countries and major global powers.

5.3 Research Gap and Contribution

While existing literature provides valuable insights into India's foreign policy and its engagement with individual countries, limited attention has been given to a comprehensive analysis that combines India's bilateral relations with both neighbouring countries and major global powers within a single framework. This chapter seeks to address this gap by offering a comparative and integrated perspective on India's diplomatic engagements, highlighting both regional and global dimensions.

5.4 Methodology

This study is based on qualitative analysis of secondary data, including government reports, policy documents, academic books, and scholarly articles. Key sources include publications from the Ministry of External Affairs, Government of India, and established academic works on India's foreign policy. The analysis is descriptive and analytical in nature, focusing on understanding patterns, challenges, and strategic priorities in India's bilateral relations.

5.5 India's Bilateral Relations with Neighbouring Countries

India's foreign policy places strong emphasis on its neighbouring countries due to geographical proximity and shared historical linkages. India has a land border of approximately 15,106 km and a coastline of about 7,516 km, connecting it to both land and maritime neighbours. India shares borders with nine neighbouring countries, comprising seven land neighbours and two maritime neighbours. Among these, the longest border is with Bangladesh, while the shortest is with Afghanistan. This geographical setting makes neighbourhood relations central to India's foreign policy and regional strategy (Ministry of External Affairs, 2023). To strengthen these ties, India follows the '*Neighbourhood First*' policy, which focuses on regional cooperation, connectivity, economic integration, and security collaboration. India's bilateral relations with its neighbours are shaped by a mix of historical ties, political engagement, economic partnerships, and strategic considerations (Pant, 2011).

Bangladesh: India's relations with Bangladesh date back to 1971, when India supported Bangladesh's independence, laying the foundation for strong diplomatic ties. Over time, the relationship has evolved into a stable partnership, although issues such as border management and migration have occasionally created challenges. In terms of political and

security cooperation, both countries collaborate on counter-terrorism and border management, which has improved mutual trust. Economically, Bangladesh is one of India's largest trading partners in South Asia, with growing cooperation in energy, transport, and connectivity projects, including rail and inland waterways. Key agreements such as the Land Boundary Agreement and various connectivity initiatives have strengthened bilateral engagement. At present, relations are considered highly positive, with future cooperation focused on trade expansion, regional connectivity, and economic integration (Ministry of External Affairs, 2023; Pant, 2011).

Nepal: India shares deep historical, cultural, and geographic ties with Nepal, reflected in their long-standing diplomatic relationship since independence. The open border between the two countries facilitates free movement of people and goods, strengthening social and economic connections. However, political differences and border-related concerns have occasionally affected relations. In terms of security and political engagement, both countries maintain regular diplomatic dialogue and cooperation. Economically, India is Nepal's largest trade partner and a major contributor to infrastructure and development projects, including hydropower and connectivity initiatives. Several bilateral agreements support cooperation in trade, transit, and energy. Currently, relations remain strong, with future prospects focused on enhancing economic integration, infrastructure development, and regional cooperation (Dutt, 1999; Ministry of External Affairs, 2023).

Bhutan: India's relations with Bhutan are rooted in a long history of close friendship and mutual trust, formalized through the 1949 Treaty of Friendship, later revised in 2007 to reflect greater sovereignty and cooperation. The relationship is marked by strong political understanding and regular high-level diplomatic engagement, with no major conflicts

between the two countries. In terms of economic cooperation, India is Bhutan's largest trading partner and development partner. A key area of collaboration is hydropower, where India supports Bhutan in developing hydroelectric projects, which contribute significantly to Bhutan's economy and India's energy needs. Various bilateral agreements guide cooperation in trade, energy, and infrastructure development. Currently, relations remain highly stable, with future prospects focused on sustainable development, energy cooperation, and regional connectivity (Ministry of External Affairs, 2023).

Sri Lanka: India's relations with Sri Lanka are based on historical, cultural, and geographical proximity. Diplomatic ties have evolved since independence, although periods such as the civil war in Sri Lanka created complexities in bilateral relations. Political and security cooperation includes maritime security and regional stability in the Indian Ocean. Economically, India is one of Sri Lanka's major trading partners and has supported the country through investments and development assistance. India has also provided financial aid during Sri Lanka's recent economic crisis. Agreements in areas such as trade, infrastructure, and energy have strengthened cooperation. At present, relations are improving, with future focus on economic recovery, connectivity, and maritime cooperation (Pant, 2011; Ministry of External Affairs, 2023).

Maldives: India shares close and friendly relations with Maldives, based on historical ties and strategic location in the Indian Ocean. Political and security cooperation is significant, with India playing a key role in supporting Maldives in times of crisis, including defence assistance and capacity-building. Economic cooperation includes infrastructure development, tourism, and climate-related initiatives. India has supported major projects in housing, healthcare, and transport infrastructure. Bilateral agreements focus on development partnerships

and maritime security. Currently, relations are strategically important, with future cooperation centred on regional security, sustainable development, and climate resilience (Ministry of External Affairs, 2023). The strategic location of Maldives also makes it significant in India's maritime security framework in the Indian Ocean region.

Pakistan: India's relations with Pakistan have been marked by conflict and political tensions since independence in 1947. The two countries have fought several wars and continue to face disputes, particularly over Jammu and Kashmir. Security concerns, including cross-border terrorism, remain a major challenge in bilateral relations. Economic cooperation between the two countries is limited due to political tensions. Although some agreements and diplomatic dialogues have taken place over time, progress has been inconsistent. At present, relations remain strained, with limited diplomatic engagement. Future prospects depend largely on improvements in political dialogue, conflict resolution, and regional stability (Dutt, 1999).

Afghanistan: India's relations with Afghanistan have traditionally been friendly and based on strong historical and cultural ties. India has supported Afghanistan's development through infrastructure projects, education, and humanitarian assistance. Political engagement has focused on promoting peace and stability in the region. Economic cooperation includes development aid and capacity-building initiatives. India has invested in projects such as roads, dams, and public infrastructure. While formal agreements have guided development cooperation, recent political changes in Afghanistan have affected diplomatic engagement. Currently, India continues to provide humanitarian assistance, with future relations depending on regional stability and political developments (Ministry of External Affairs, 2023; Dahiya & Behuria, 2012).

China: India's relations with China have evolved from early cooperation in the post-independence period to a complex relationship marked by both cooperation and strategic rivalry. The 1962 border war remains a significant turning point, and unresolved boundary disputes continue to influence bilateral relations. In recent years, tensions along the Line of Actual Control (LAC) have affected political and security dynamics, although diplomatic and military-level dialogues continue to manage conflicts. Economically, China is one of India's largest trading partners, despite concerns over trade imbalances. Various agreements and confidence-building measures have been established to maintain peace along the border.

At present, the relationship reflects a mix of competition and cooperation, with future prospects dependent on border resolution, economic engagement, and broader geopolitical developments in the Indo-Pacific region (Pant, 2011; Ministry of External Affairs, 2023). This evolving relationship has broader implications for regional and global geopolitics, particularly in shaping power dynamics in Asia and influencing the strategic balance in the Indo-Pacific region.

Myanmar: India shares a strategically important relationship with Myanmar, shaped by historical ties and geographic proximity. Diplomatic relations have strengthened over time, particularly as Myanmar serves as a bridge between South Asia and Southeast Asia. Security cooperation is important due to shared border concerns and efforts to address insurgency and cross-border challenges. Economically, India and Myanmar cooperate in areas such as trade, infrastructure development, and connectivity projects, including the India-Myanmar-Thailand Trilateral Highway. Myanmar is also central to India's Act East Policy, which aims to enhance regional integration with Southeast Asia.

Bilateral agreements focus on connectivity, energy, and development cooperation. Currently, relations are significant for regional strategy, with future prospects centred on connectivity, trade expansion, and strategic cooperation (Ministry of External Affairs, 2023; Institute for Defence Studies and Analyses, 2012). Myanmar's geopolitical position also makes it crucial for India's efforts to counter external influence and strengthen its presence in Southeast Asia. India's relations with its neighbours can be broadly classified based on the level of cooperation, strategic importance, and conflict dynamics, as shown below.

Table 5.2: Classification of India's Relations with Neighbouring Countries

Category of Relations	Countries	Key Characteristics
Highly Cooperative	Bangladesh, Bhutan	Strong political trust, high economic cooperation, minimal conflicts.
Stable but Sensitive	Nepal, Sri Lanka, Maldives	Good cooperation but occasional political or strategic concerns.
Strategically Important	Myanmar, Afghanistan	Important for connectivity and regional security, but affected by instability.
Conflict-Prone	Pakistan	Persistent political tensions, security conflicts, limited cooperation.
Competitive/Rivalry	China	Economic engagement with strategic and border-related competition.

Source: Compiled by the author based on the Ministry of External Affairs (2023) and Dutt (1999)

5.6 India's Bilateral Relations with Major Powers

India's foreign policy increasingly emphasises engagement with major global powers to enhance its strategic influence, economic development,

and global standing. In a rapidly evolving multipolar world order, relations with countries such as the United States, Russia, China, and Japan play a crucial role in shaping India's diplomatic priorities.

These partnerships involve cooperation in defence, trade, technology, energy, and regional security (Pant, 2011). India follows a policy of strategic autonomy, which enables it to maintain balanced relations with different global powers without aligning exclusively with any single bloc. This approach allows India to safeguard its national interests while engaging constructively with multiple partners (Dutt, 1999).

United States: India–United States relations have transformed into a comprehensive global strategic partnership over the past few decades. Cooperation between the two countries spans defence, trade, technology, and regional security, particularly in the Indo-Pacific region. Defence collaboration has expanded through joint military exercises and foundational agreements. Economically, the United States is one of India's largest trading partners, with strong ties in services, information technology, and investment. Cooperation has also grown in emerging sectors such as clean energy, digital technology, and space.

Currently, relations are at a high level, with future prospects focused on strengthening strategic and economic cooperation (Ministry of External Affairs, 2023; Pant, 2011). This partnership also reflects India's increasing role in balancing regional power structures, particularly in the context of the Indo-Pacific strategy.

Russia: India and Russia share a long-standing and historically strong partnership that dates back to the Cold War period. Russia has been a key defence partner, supplying military equipment and technology to India for several decades. In addition to defence cooperation, both

countries collaborate in areas such as nuclear energy, oil and gas, and space technology.

Despite changing global dynamics, India continues to maintain stable relations with Russia while balancing its ties with other major powers. The partnership remains important for India's energy security and defence needs (Dutt, 1999; Ministry of External Affairs, 2023).

China: India's relationship with China is complex, involving both cooperation and strategic competition. While the two countries maintain strong economic ties, including trade and investment, their relations are influenced by ongoing border disputes and geopolitical rivalry. The 1962 border conflict and recent tensions along the Line of Actual Control (LAC) have shaped the political and security dynamics between the two countries. At the same time, India and China cooperate in multilateral forums such as BRICS and the Shanghai Cooperation Organisation (SCO). The relationship reflects a balance between engagement and competition, with future prospects dependent on resolving border issues and managing strategic differences (Pant, 2011).

Japan: India and Japan share a strong and growing strategic partnership based on shared democratic values and mutual interests in regional stability and economic development. Japan is one of India's major investors, particularly in infrastructure projects such as metro systems, industrial corridors, and high-speed rail. Both countries cooperate closely in the Indo-Pacific region and are members of the Quad (Quadrilateral Security Dialogue). Their partnership focuses on promoting a free, open, and inclusive Indo-Pacific. Relations are highly positive, with future prospects centred on technological collaboration, infrastructure development, and regional security (Ministry of External Affairs, 2023; Pant, 2011).

Table 5.3: India's Relations with Major Powers

Country	Nature of Relations	Key Areas of Cooperation
United States	Strategic Partnership	Defence, trade, technology
Russia	Long-standing partnership	Defence, energy, nuclear cooperation
China	Competitive engagement	Trade, border issues, geopolitics
Japan	Strategic partnership	Infrastructure, Indo-Pacific cooperation

Source: Compiled by the author based on the Ministry of External Affairs (2023) and Dutt (1999)

5.7 Challenges in India's Bilateral Relations

Despite significant progress in strengthening bilateral relations with neighbouring countries and major global powers, India faces several challenges that affect the effectiveness of its foreign policy. These challenges arise from geopolitical tensions, economic competition, security concerns, and regional instability (Dahiya & Behuria, 2012). One of the major challenges is border disputes, particularly with China and Pakistan. Unresolved boundary issues and periodic tensions along the Line of Actual Control (LAC) and Line of Control (LoC) continue to affect diplomatic relations and regional stability. These conflicts require continuous diplomatic engagement and confidence-building measures (Ministry of External Affairs, 2023). Another important challenge is regional political instability, especially in neighbouring countries such as Afghanistan and Myanmar. Internal conflicts, regime changes, and governance issues in these countries create uncertainty and limit the scope for long-term cooperation. Such instability also has security

implications for India, including cross-border threats and refugee movements.

Terrorism and security concerns also pose a serious challenge, particularly in relations with Pakistan. Cross-border terrorism and security threats have hindered the development of stable diplomatic relations and limited economic cooperation between the two countries (Dutt, 1999). In addition, economic competition and trade imbalances, especially with China, create tensions in bilateral relations. While trade between India and China is significant, concerns over trade deficits and market access continue to affect economic cooperation. Another challenge is the increasing influence of external powers in South Asia, particularly China's growing presence through initiatives such as the Belt and Road Initiative (BRI). This has created strategic competition in the region and poses challenges for India's influence among its neighbouring countries. Finally, global geopolitical shifts and changing alliances in the international system also impact India's relations with major powers. Balancing relations with countries such as the United States, Russia, and China requires careful diplomacy to maintain strategic autonomy while protecting national interests.

5.8 Conclusion

India's bilateral relations with neighbouring countries and major global powers remain a central component of its foreign policy. Due to its geographical location and historical linkages, relations with neighbouring states are crucial for maintaining regional stability, promoting economic cooperation, and ensuring national security. At the same time, engagement with major powers such as the United States, Russia, China, and Japan enhances India's strategic influence and supports its role in the evolving global order. India's approach to bilateral relations is guided by the principles of peaceful coexistence, mutual respect, and strategic

autonomy. Through initiatives such as the "Neighbourhood First" policy and increased cooperation with global partners, India seeks to strengthen regional integration, expand trade, and address shared challenges such as security threats, economic development, and climate change (Ministry of External Affairs, 2023). However, India's bilateral relations are also shaped by several challenges, including border disputes, regional instability, economic competition, and shifting geopolitical dynamics. Managing these challenges requires careful diplomacy, continuous dialogue, and a balanced approach to international engagement. In conclusion, effective bilateral relations are essential for India to maintain regional stability, strengthen strategic partnerships, and enhance its position in the global system. As the international order continues to evolve, India's ability to balance its relations with both neighbouring countries and major powers will remain a key factor in achieving its long-term national interests and global aspirations (Dutt, 1999; Ministry of External Affairs, 2023). Going forward, India's foreign policy will need to adapt to emerging global challenges, including technological competition, climate change, and shifting geopolitical alignments.

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Chapter 6

The Historical Evolution of India–Afghanistan Relations since 2001: Political, Strategic, Economic and Diplomatic Dimensions

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6.1 Introduction

India and Afghanistan share deep historical, cultural and civilisational linkages that long predate the modern nation-state system. From the Mauryan and Kushan periods through the medieval Indo-Persian cultural continuum, the two territories formed part of overlapping political and commercial spaces (Singh et al., 2024). After 1947, the relationship was shaped by shared non-alignment, development cooperation and, later, Indian support for anti-Taliban forces during the 1990s civil war. The United States-led intervention of October 2001 that toppled the first Taliban regime opened a qualitatively new chapter. India moved rapidly to reopen its embassy, recognise the interim administration led by Hamid Karzai, and position itself as a major civilian reconstruction partner (Pant, 2012; Paliwal, 2017).

Over the subsequent two decades India became Afghanistan's fifth-largest bilateral donor and the largest regional development partner, committing more than US\$3 billion in assistance (Ministry of External Affairs [MEA], India, various years; D'Souza, 2017). This engagement was deliberately non-military, emphasising infrastructure, education, health and institutional capacity. The signature of the Strategic Partnership Agreement in October 2011 institutionalised political consultation, security cooperation and economic connectivity. The abrupt return of the Taliban to power in August 2021, following the Doha Agreement and the chaotic US–NATO withdrawal, forced a fundamental reassessment. India evacuated its diplomatic staff, closed its mission, and adopted a policy of non-recognition while gradually restoring a limited presence through a "technical mission" (2022) and, by late 2025, upgrading it to full embassy status amid high-level contacts with Taliban officials (Jaishankar–Muttuqi meetings; MEA statements, 2025).

This article traces the historical evolution of the relationship since 2001 across four interlinked dimensions—political, strategic, economic and diplomatic—and evaluates the degree of continuity and change after 2021. It draws on primary sources (MEA reports, joint statements, parliamentary records), secondary scholarship (Paliwal, 2017; Pant, 2012; Mullen, 2016; D'Souza, 2024; Singh & Singh, 2024) and contemporary analyses of post-2021 engagement. The central argument is that India's core strategic objectives have remained remarkably consistent; what has changed is the operational modality—from overt support for a republican state-building project to pragmatic, interest-based engagement with the de-facto authorities while continuing to withhold formal recognition.

6.2 Historical Background and the Post-2001 Opening

Although the formal starting point of this study is 2001, a brief contextualisation is necessary. During the Soviet occupation (1979–1989), India maintained correct relations with the People's Democratic Party of Afghanistan governments while privately expressing concern over the mujahideen–Pakistan–US axis. In the 1990s India supported the Northern Alliance against the Pakistan-backed Taliban, closed its embassy after the fall of Kabul in 1996, and treated the Taliban regime as illegitimate (Paliwal, 2017). The 11 September 2001 attacks and the subsequent US-led Operation Enduring Freedom transformed the strategic landscape. India offered logistical support to the United States, welcomed the Bonn Agreement of December 2001, and immediately upgraded its representation.

Prime Minister Atal Bihari Vajpayee announced an initial US\$100 million reconstruction package. India's early priorities were humanitarian: reopening the Indira Gandhi Institute of Child Health, supplying buses and aircraft to Ariana Afghan Airlines, and deploying medical missions (D'Souza, 2017). By 2002 India had reopened its embassy in Kabul and later established consulates in Herat, Mazar-e-Sharif, Jalalabad and Kandahar—the last two being particularly sensitive because of proximity to Pakistan and Taliban strongholds.

6.3 Political Dimension: From State-Building Partnership to Pragmatic Engagement

6.3.1 The Karzai and Ghani Years (2001–2021)

Political relations flourished under Presidents Hamid Karzai (2001–2014) and Ashraf Ghani (2014–2021). High-level visits were frequent. Karzai, who had studied in India, cultivated personal ties with successive Indian leaderships. The 2011 Strategic Partnership Agreement (SPA),

signed during Karzai's visit to New Delhi, marked the institutional high-water mark. The SPA established a Partnership Council, committed India to training Afghan National Security Forces (ANSF), and pledged continued development assistance and support for Afghanistan's sovereignty and territorial integrity (MEA, 2011; Wright & Stancati, 2011).

India consistently advocated an "Afghan-led, Afghan-owned" peace process and opposed any settlement that would allow the Taliban to return to power without renouncing violence and cutting ties with terrorist groups. New Delhi remained sceptical of the US–Taliban Doha process and was largely excluded from the formal negotiations. Public opinion surveys in Afghanistan consistently ranked India among the most positively viewed external actors, with favourability ratings above 70 per cent in ABC/BBC polls around 2009–2010 (D'Souza, 2017).

6.3.2 Post-2021 Recalibration

The Taliban's capture of Kabul on 15 August 2021 produced an immediate political rupture. India evacuated approximately 800 personnel and citizens, closed the embassy, and refused to recognise the "Islamic Emirate." Official statements emphasised three red lines: an inclusive government representing all ethnic and political groups; respect for the rights of women, girls and minorities; and a firm commitment that Afghan soil would not be used for terrorism against any country, including India (MEA, 2021–2025).

Nevertheless, pragmatism soon asserted itself. In late August 2021 the Indian ambassador in Doha met Taliban political office representatives. Humanitarian assistance resumed in December 2021. A technical team was deployed to Kabul in June 2022 to oversee aid delivery and protect residual Indian assets. By 2025 high-level contacts had intensified:

Foreign Secretary Vikram Misri met Acting Foreign Minister Amir Khan Muttaqi in Dubai (January 2025); Muttaqi paid an official visit to New Delhi in October 2025; and External Affairs Minister S. Jaishankar announced the upgrading of the technical mission to a full embassy (AP News, 2025; Indian Express, 2025). India has still withheld formal recognition, maintaining a policy of engagement short of legitimacy—an approach shared by most regional states.

6.4 Strategic Dimension: Security, Counter-Terrorism and Regional Balance

India's strategic interest in Afghanistan is longstanding and dual: negative (preventing the use of Afghan territory by anti-Indian groups) and positive (securing access to Central Asian energy and markets while limiting Pakistani and, increasingly, Chinese influence).

Throughout 2001–2021 India trained more than 4,000 ANSF personnel, supplied limited lethal equipment (including Mi-25 attack helicopters), and conducted joint counter-terrorism exercises (Pant, 2012; IAIS analysis). Indian diplomatic and development personnel were repeatedly targeted: the 2008 bombing of the Kabul embassy killed 58 people; subsequent attacks on consulates and the Indian medical mission were attributed to the Haqqani network and the Lashkar-e-Taiba, operating with varying degrees of Pakistani support (Paliwal, 2017).

The SPA explicitly institutionalised security dialogue. India viewed a stable, non-Taliban Afghanistan as a strategic counterweight to Pakistan's quest for "strategic depth." The return of the Taliban in 2021 initially raised fears of a revival of anti-Indian militancy and a strengthened Pakistan–Taliban axis. Subsequent developments—border clashes between the Taliban and Pakistan, Pakistani airstrikes inside Afghanistan, and the expulsion of Afghan refugees—have created

unexpected space for Indian engagement. New Delhi has sought and received verbal assurances that Afghan territory will not be used against India. Whether these assurances are durable remains an open question; groups such as the Islamic State–Khorasan Province and residual Al-Qaeda elements continue to operate. India has also used multilateral platforms—the Heart of Asia–Istanbul Process, the SCO Contact Group, and regional security dialogues hosted in New Delhi—to shape a broader consensus against terrorism emanating from Afghan soil.

6.5 Economic and Developmental Dimension

6.5.1 Soft-Power Reconstruction (2001–2021)

India's economic engagement was the most visible and popular component of its Afghanistan policy. Cumulative assistance exceeded US\$3 billion and covered more than 400 projects across all 34 provinces (MEA data; ORF analyses). Flagship projects included:

- the Afghan Parliament building in Kabul (approximately US\$90 million);
- the Salma Dam (Afghan–India Friendship Dam) in Herat (US\$290 million), inaugurated by Prime Minister Narendra Modi in 2016;
- the 218-km Zaranj–Delaram highway linking the Iranian border to the Afghan ring road (constructed by the Border Roads Organisation);
- the Pul-e-Khumri–Kabul transmission line;
- hospitals, schools, cold-storage facilities and small development projects.

India also provided thousands of scholarships through the Indian Council for Cultural Relations (ICCR) and ITEC programme, trained civil servants, and supported agricultural universities. Bilateral trade reached approximately US\$1.5 billion by 2019–20, facilitated by a Preferential Trade Agreement (2003), Afghanistan's accession to SAFTA, and the inauguration of an air-freight corridor in 2017 that bypassed Pakistan (MEA; World Bank data). The Chabahar Port project in Iran, formalised by a 2016 trilateral agreement among India, Iran and Afghanistan, was conceived as a strategic alternative to Pakistani ports and as a gateway to Central Asia and the International North–South Transport Corridor.

6.5.2 Post-2021 Continuity under Constraints

After August 2021, most large infrastructure projects were suspended. India continued humanitarian assistance—wheat shipments (over 50,000 metric tonnes via the World Food Programme), medicines, earthquake relief and female hygiene kits—channelled through UN agencies and the technical mission. Annual budgetary allocations for "Aid to Afghanistan" remained in the range of INR 100–200 crore. Trade declined but stabilised around US\$900 million–1 billion, with India remaining an important export market for Afghan dry fruits, saffron and carpets. In 2025, Taliban commerce officials visited India seeking investment incentives, tax holidays and expanded air connectivity, signalling mutual interest in restoring pre-2021 trade volumes.

6.6 Diplomatic Dimension: Continuity of Presence and Multilateral Engagement

Diplomatically, India has never abandoned Afghanistan. Even after closing the embassy in 2021, it maintained consular services for Afghan nationals in India, continued scholarships where feasible, and participated in regional formats. The decision to reopen a technical

mission in 2022 and upgrade it in 2025 reflects a calculated judgement that complete absence would cede the field to Pakistan and China. India has coordinated positions with partners in the Quad, with Central Asian states, and within the United Nations, consistently calling for an inclusive political settlement while delivering aid on the ground. Cultural diplomacy—cricket, films, educational exchanges—has remained a quiet but persistent channel of soft power.

6.7 Regional and International Context

India's Afghanistan policy cannot be divorced from the wider regional security complex. Pakistan has long regarded Indian presence in Afghanistan as encirclement. China has expanded its economic footprint through mining concessions and the Belt and Road Initiative while maintaining pragmatic contacts with the Taliban. Iran shares India's interest in Chabahar and in limiting Pakistani influence, yet also pursues its own sectarian and strategic agenda. Russia and the Central Asian republics prioritise border security and counter-terrorism. The United States, after its withdrawal, has adopted a largely hands-off posture, leaving regional actors to manage the consequences. India's post-2021 engagement exploits the deterioration in Taliban–Pakistan relations while carefully avoiding any formal recognition that would legitimise the current regime's restrictive social policies.

6.8 Conclusion

Since 2001 India–Afghanistan relations have evolved through two distinct yet interconnected phases. The first (2001–2021) was characterised by ambitious soft-power state-building, institutionalised strategic partnership, and significant Indian investment in infrastructure and human capital. The second phase (2021 onwards) has been defined by pragmatic, incremental engagement with the Taliban authorities short

of recognition, sustained humanitarian assistance, and renewed emphasis on security assurances and connectivity. Core Indian interests—counter-terrorism, regional balance, and economic access—have shown remarkable continuity. The instruments have adapted to changed political realities. Whether the current trajectory can protect India's past investments, expand trade, and prevent Afghanistan from again becoming a sanctuary for anti-Indian groups will depend on the Taliban's internal coherence, the durability of its assurances, and India's ability to coordinate with other regional stakeholders. The relationship remains a critical test of India's capacity to pursue strategic autonomy in a fragmented neighbourhood.

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PART III

**INDIA'S ACT EAST POLICY,
ASEAN AND CENTRAL ASIAN
ENGAGEMENT**

Chapter 7

A Decade of India's Act East Policy: Analysing Achievements and Challenges

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7.1 Introduction

In 2014, Prime Minister Narendra Modi rebranded India's previously known Look East Policy as the "Act East" Policy (AEP) with the aim of reinvigorating and accelerating India's eastward engagement. This decision was taken at the ninth East Asia Summit held at Nay Pyi Taw, Myanmar. The AEP is a diplomatic initiative to promote economic, strategic and cultural relations with the vast Asia-Pacific region at different levels (Keshavan 2020). The AEP reinforces the nation's ancient links with the Association of South East Asian Nations (ASEAN) through enhanced political, security, economic and cultural ties. The ASEAN consists of ten member states namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar Philippines, Singapore, Thailand and Vietnam. The four pillars of India's AEP are Culture, Commerce, Connectivity and Capacity building (RIS and AIC 2025). It has several other strategic pillars such as (i) strengthening infrastructure linkages; (ii) facilitating trade, investment, and tourism; (iii) developing human

resources; and (iv) protecting the environment and promoting the sustainable use of shared national resources (De 2022: 79).

The ASEAN is a strategic partner for India with thirty ongoing dialogue mechanisms, including annual summits and seven ministerial meetings covering a wide range of sectors (MEA 2018). After the adoption of India's AEP, the country's relations with most of the Southeast Asian nation have developed into a strategic partnership. In 2015, during Modi's visit to Singapore, India-Singapore relations were elevated to the level of Strategic Partnership (Mishra 2025: 124).

In September 2024, during his visit to Singapore, Modi signed a Comprehensive Strategic Partnership agreement with the country. This Comprehensive Strategic Partnership reflects the country's multidimensional importance in India's regional strategy. India and Singapore participate also participates in the Annual Singapore-India Maritime Bilateral Exercise (SIMBEX) and conducts joint military training (Roy Choudhury 2025b). In 2015, India-Malaysia relationship was also elevated to Enhanced Strategic Partnership (Mishra 2025: 124). In August 2024, during Malaysian PM Anwar Ibrahim's visit to India, the two sides signed a Comprehensive Strategic Partnership agreement. India's inaugural Security Dialogue with Malaysia in January 2025 expanded cooperation beyond traditional defence ties to encompass critical minerals and rare-earth metals, reflecting Malaysia's significance in resource security. The relationship balances economic interests with growing security cooperation, exemplified by the Harimau Shakti exercise (Roy Choudhury 2025b).

In 2016, India-Vietnam bilateral relations were elevated to the level of Comprehensive Strategic Partnership. In 2018, during Modi's visit to Jakarta, India-Indonesia relations were elevated to New Comprehensive Strategic Perspective (Mishra 2025: 124). In October 2025, Modi said

that “even in this era of uncertainties, the India-ASEAN Comprehensive Strategic Partnership had continued to make steady progress. This strong partnership of ours is emerging as a robust foundation for global stability and development” (Laskar 2025).

On 25 January 2018, India organized the ASEAN-India Commemorative Summit to celebrate 25 years of partnership between ASEAN and India. To mark the occasion, the heads of State and Government of the ten ASEAN countries were invited to grace India’s 69th Republic Day Parade in New Delhi as guests of honour (MEA 2018). This ASEAN states include Thailand, Vietnam, Indonesia, Philippines, Malaysia, Singapore, Myanmar, Cambodia, Laos and Brunei (MEA 2018). According to Rahul Mishra (2025), the presence of ten world leaders as chief guests at the republic day celebrations was “an unprecedented event which highlighted the significance India attached to ASEAN and its member states” (Mishra 2025: 124).

In 2023, Modi unveiled a strategic framework aimed at advancing ties between ASEAN and India. During the Summit, Modi introduced a comprehensive 12-point proposal that aimed to enhance India-ASEAN cooperation, focusing on key areas such as connectivity, maritime security, research support, digital transformation, trade and economic engagement, addressing contemporary challenges, fostering people-to-people connections, and deepening strategic ties (Business Today 2024). In August 2024, Modi became the first Indian Prime Minister to visit Brunei. India agreed to install an ISRO’s tracking system in Brunei thereby giving it a place in India’s space programme. India conducted the inaugural CINBAX joint military exercise with Cambodia in December 2024 (Roy Choudury 2025b).

In October 2025, during a virtual address to the ASEAN-India Summit held at Kuala Lumpur, Malaysia, Modi mentioned that the two countries

are carrying forward their co-operation in technology, education, tourism, health, green energy, and cyber-security. Modi said that “India has stood firmly with its ASEAN friends in every disaster. Our cooperation in Humanitarian Assistance and Disaster Relief (HADR), maritime security and the blue economy is growing rapidly” (Laskar 2025). Modi further stated that “the ASEAN is a cornerstone of India’s Act East Policy. India has always fully supported ASEAN centrality and ASEAN’s outlook in the Indo-Pacific” (ibid.).

7.2 Assessing Outcomes of India’s Act East Policy

Over the past decades, AEP has produced tangible outcomes. Collaborative infrastructure projects, digital integration efforts, and initiatives to link India with regional and global value chains have strengthened economic cooperation. India’s active participation in ASEAN-led mechanisms such as the East Asia Summit (EAS), ASEAN Regional Forum (ARF), and the ASEAN Defence Ministers’ Meeting Plus (ADMM-Plus)-has deepened strategic dialogue and defence engagement (RIS and AIC 2025).

7.2.1 Bilateral Trade

Since the launch of Act East Policy in 2014, India’s bilateral trade with ASEAN nations has nearly doubled, surging from USD 65 billion in 2015-16 to USD 120 billion in 2023-24. India’s exports to ASEAN have also seen a notable rise, from USD 31 billion in 2016-17 to USD 44 billion in 2022-23. Moreover, India has attracted around USD 160 billion in investments from ASEAN, underscoring the economic success of the policy (Siddiqui 2024). In the year 2025, India ranked as ASEAN’s seventh largest trading partner, while ASEAN held the position of India’s fourth largest trading partner (TOI 2025).

Despite this upward trend, India faced a trade deficit of USD 43.57 billion with ASEAN in fiscal 2022-23. Indian exports to ASEAN also fell by 5.77 per cent in 2024-25 to USD 38.96 billion while imports grew 5.65 per cent to USD 84.16 billion. The key Indian concerns include non-tariff barriers, circumvention of rules of origin and tariff asymmetries enabling indirect access of goods from China (Laskar 2025).

7.2.2 Connectivity

As part of Act East Policy, the ASEAN-India Connectivity Summit (AICS) was conducted by India in 2017 to accelerate the existing connectivity projects, identifying bottlenecks, adopt suitable policy recommendation and develop strategies to enhance economic, industrial and trade relations between India and the ASEAN countries. The Indians government's main focus area under AEP has been the development of infrastructure, roadways, shipping, digital finance, energy and aviation. India has proposed US \$ 1 billion line of credit to the ASEAN countries for physical and digital connectivity and US \$ 77 million for developing manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam (Bahal 2022: 79). The Indian government has prioritised infrastructure development, including the India-Myanmar-Thailand Trilateral Highway, to enhance trade and connectivity. The Trilateral Highway is expected to connect Moreh, India with Mae Sot, Thailand via Myanmar under India's Look East policy. The idea of the highway was conceived at a trilateral ministerial meeting on transport linkages in Yangon in April 2002 (Horimoto 2022: 22).

Maritime connectivity has improved through new shipping services linking Indian ports to ASEAN counterparts. In the early 2000s, the Kaladan Multi-Modal Transport Project (KMMTP) was inaugurated which would create a sea connection linking the eastern Indian seaport of Kolkata with Sittwe seaport of Rakhine State, Myanmar. During the

BIMSTEC Conclave held in Goa in 2019, three Memorandum of Understanding (MOU) have been signed between Ranong Port (Port Authority of Thailand) and the Port Trusts of Chennai, Vishakhapatnam and Kolkata. These is expected to further enhance economic partnership between India and Thailand by reducing the sea travel time between the two countries from 10-15 days to 7 days (Basu Ray Chaudhury 2022: 45: 46).

In October 2025, Modi declared 2026 as the “ASEAN-India Year of Maritime Cooperation” (Laskar 2025). Air connectivity has significantly improved, with direct flights now linking India to various ASEAN nations, facilitating commercial, tourism and cultural exchanges (TOI 2025). It is very common nowadays to see tourists from India visiting popular destinations in Thailand, Vietnam and Cambodia.

7.2.3 Cultural Cooperation

Cultural and interpersonal connections have been crucial in strengthening India’s relationship with ASEAN countries. The AEP has reinvigorated shared Buddhist heritage with Myanmar, Thailand, Laos, Vietnam, and Indonesia, fostering historical bonds (TOI 2025). India’s restoration of civilizational heritage sites in ASEAN countries-such as Angkor Wat in Cambodia, My Son in Vietnam, and Vat Phou in Laos-has enhanced its image as a partner in cultural preservation. Religious diplomacy, particularly through Buddhist circuits and Ramayana trails, has reinforced shared historical and spiritual linkages with the ASEAN countries (RIS and AIC 2025).

ASEAN has proven to be instrumental in India’s promotion of Buddhist tourism, especially in the light of the Memorandum of Understanding (MoU) on tourism cooperation signed by the two sides and the two annual working group meetings for the development of the tourist sector that India and ASEAN hold (Sciorati 2023: 225). Initiatives like the

Mekong-Ganga DhammaYatra and celebrations of Bali Jatra have revived maritime and cultural memory. Indian cultural centres across ASEAN have hosted exhibitions, furthering soft power diplomacy (RIS and AIC 2025: 6). In 2015, Modi made the first ever announcement of declaring Buddha Purnima (the day of birth of Lord Buddha) as an official holiday and started providing an array of symbolic gifts -“saplings of the original Bodhi tree in Gaya” to East Asian nations (Dash 2023: 122).

In October 2021, Modi inaugurated the Kushinagar International Airport in order to promote the Buddhist circuit in India and welcome tourists from the Southeast Asian countries. In January 2022, Indian Railways launched a Buddhist Circuit Tourist train that covers Buddhist destinations: Lumbini, Kushinagar, Bodhgaya (Gaya) and Sarnath. India is also assisting in the restoration of historic temples and sites in Southeast Asia (ibid: 124).

In the words of India’s Minister of State for External Affairs, Pabitra Margherita, the cultural and spiritual connections between India and ASEAN nations are reinforced by regular exchange of visits of Buddhist monks, senior functionaries, pilgrims and tourists. On the request of ASEAN countries, the government of India has facilitated two significant expositions of the holy relics of Lord Buddha in Southeast Asia. Termed as the Bodhi Yatra, the first exposition was undertaken in Thailand from 22 February to 19 March 2024 and the second one was in Vietnam from 2 May to 2 June 2025 (PTI 2026). The display of these relics went a long way to establish India’s historical links with the ASEAN nations. Nalanda University has also awarded scholarship to over 300 ASEAN students, whilst the government has facilitated education and cultural exchanges. International Yoga Day’s growing popularity in Southeast Asia demonstrated the effectiveness of cultural diplomacy under AEP (TOI 2025).

7.2.4 Capacity Building

India has significantly expanded educational and capacity-building partnerships under the AEP. IIT campuses in Malaysia and Thailand represent a major leap in academic engagement. These initiatives, alongside vocational training centres and AYUSH programmes, support ASEAN countries in meeting skill shortages and public health goals. India offers numerous scholarships to ASEAN students in fields ranging from engineering to governance. Collaborations between universities, think tanks, and civil service training institutions have helped foster regional understanding and innovation (RIS and AIC 2025: 6). In the digital domain, discussions on linking India's digital payment systems with ASEAN counterparts are progressing. Platforms such as UPI and Aadhar have the potential to contribute to digital public goods and improve regional fintech ecosystems.

7.2.5 Defence Ties

India has strengthened maritime security cooperation, particularly with the Philippines and Vietnam. A significant achievement was the sale of BrahMos missiles to the Philippines establishing India as a credible defence supplier. Military logistics agreements with Vietnam have expanded India's Indo-Pacific security presence (TOI 2025). Naval cooperation forms the cornerstone of the bilateral engagement between India and Indonesia with the 43rd India-Indonesia Coordinated Patrol being held in December 2024, representing one of India's longest-standing maritime security initiatives in the region (Roy Choudhury 2025b). The inaugural India-ASEAN joint maritime exercise in 2023 demonstrated enhanced security cooperation in the South China Sea and Indo-Pacific region (TOI 2025).

7.3 Cyber Security and Digital Co-operation

India has advocated aligned approaches to technology governance, particularly in emerging fields like artificial intelligence (AI), data protection, and critical information infrastructure with Southeast Asian countries. India's 'Digital India' initiative has found regional resonance, with agreements on digital public infrastructure sharing being signed during Malaysian Prime Minister Anwar Ibrahim's maiden visit to India in August 2024. In the same month, the Indian Space Research Organisation (ISRO) also set up a Telemetry, Tracking and Telecommand station in Brunei (Roy Choudhury 2025b).

The India-Singapore Ministerial Roundtable in August 2024 featured discussions on technological cooperation and digital standards. The establishment of the India-Singapore Cyber Policy Dialogue, the first session of which was held in October 2024, represents a pioneering institutional mechanism to address digital security challenges, exchange threat assessments, and develop collaborative responses to cyber threats (ibid.).

7.4 India's Northeast and Act East Policy

India's Act East Policy is closely connected with her long-term vision of developing the Northeastern region (NER) as a gateway to Southeast Asia (Keshavan 2020). The AEP represents a significant change in India's approach towards engaging with Southeast Asia and the larger Indo-Pacific region, uplifting the Northeast from a "geographical appendage to a region of geostrategic importance" (Suresh 2025). A key objective of the AEP was to transform the previously perceived 'landlocked' Northeastern region into a gateway for India's trade, connectivity, and cultural ties with ASEAN nations. In order to realize the above objective, the Modi government has significantly increased the government of India's budgetary allocation for the Northeast by 300 per cent from

36,108 crore in 2014-15 to over Rs. 1 lakh crore in 2024-25 (Karmakar 2025). In order to enhance NER's connectivity with neighbouring countries, the government of India has undertaken many significant initiatives such as the creation of an integrated economic corridor linking India's Northeast with East Asia through large infrastructural projects such as the India-Myanmar-Trilateral Highway and the Kaladan Multi-Modal Transit Transport Project. The government of India has invested around 550 crores under the Inland Water Transport (IWT) component of KMTTP along with an objective to facilitate cargo transportation for trade between India and Myanmar (Haokip 2025).

Another significant aspect of AEP is India's strong commitment to strengthen social and cultural relations with neighbouring countries. The Northeastern region of India has ancient historical and cultural linkages with Southeast Asia, particularly with countries like Myanmar, Thailand, Laos and Vietnam. These ties, which date back centuries, are rooted in shared traditions, religions, and customs. According to Grace Haokip (2025), the Mishing people of Assam and the Chakmas are believed to have deep cultural relationships with Myanmar. Through the AEP, the Indian government has prioritised initiatives such as cultural festivals and academic exchanges, which "serve a dual purpose: not only showcasing the rich cultural heritage of Northeast India but also advancing cultural diplomacy" (Haokip 2025).

Ever since becoming Prime Minister of India in 2014, Modi has placed the Northeast region at the heart of his vision. He referred this region as "*Suvarnabhumi*" (land of gold) and based it on the twin pillars of peace and development (Suresh 2025). During the inauguration of Advantage Assam-a global investor's summit in 2018, Modi reiterated that "India's Northeastern region was at the heart of the Union Government's AEP (MEA 2018). During the Advantage Assam 2.0 held in February 2025,

plans and policies were formulated with an objective to strengthen India's economic, strategic, and cultural engagement with Southeast Asia and the Indo-Pacific. This initiative attracted global investors and facilitated greater investments of Rs. 27000 crores. The NER was described as "India's growth engine which aligned with PM Gati Shakti" that focused on infrastructure development and seamless connectivity through constant funding (Suresh 2025).

In September 2023, the inaugural Northeast Global Investors Summit was organized jointly by the eight Northeastern states in collaboration with the Centre and NER ministry. The Summit which was a first of its kind projected all the Northeastern states as tourist destinations with specific business strengths. It also emerged as an ideal platform for forging business partnerships. The summit welcomed investors to participate in the NER's transformation into a manufacturing and services hub and promised access to emerging markets in the subcontinent and ASEAN countries (Maitra 2025).

7.5 Challenges to India's Act East Policy

China's growing influence in ASEAN countries has emerged as one of the foremost challenges before India's Act East Policy. At present, China is ASEAN's biggest trading partner and a growing maritime power in the region (Roy Choudhury 2025a). China's growing footprint in India's Northeastern region and its periphery remains critical in reshaping the geopolitical and strategic interest of the region (Suresh 2025). The growing conflict among the big powers over the control of the Indo-Pacific will have an impact on India's AEP as well. There has been a prolonged political uncertainty in Myanmar after the military coup in 2021. The Indo-Myanmar Friendship Gates between Moreh and Tamu in Myanmar's Sagaing province, once symbols of possibility, have remained shut since the Myanmar military launched its crackdown on pro-

democracy protesters (Karmakar 2025). As the conflict between the military junta and the People's Defence Force, the armed wing of Aung San Suu Kyi's National Unity Government, grew more intense, the flow of people and goods across the border came to a halt. The Sittwe Port in Myanmar, which was partially inaugurated in May 2023 as part of the Kaladan Multi-Modal Project to link Mizoram to the sea, is yet to become operational due to the conflict between the rebels and the army (ibid.).

The sudden ouster of the Sheikh-Hasina led government in Bangladesh in July 2024 has emerged as a challenge before India's AEP. Muhammad Yunus, the chief advisor of the Bangladesh interim government formed after the ouster of the Sheikh Hasina government raised further concerns regarding India-Bangladesh relations when during a visit to China in March 2026, he stated that "the eastern part of India, known as the Seven Sisters, is landlocked. They have no access to the ocean. We are the only guardians of the ocean in this region. This opens up huge possibilities" (Chakraborty 2025). The statement came under sharp criticism from Indian political circles. Yunus further stated that "Bangladesh could be extension of the Chinese economy-building, producing and marketing goods for China and the world" (Chakraborty 2025). Yunus further considered Bangladesh as the regions' sole maritime gateway, and encouraged China to expand its influence by integrating Bangladesh into its strategic network. Bangladesh also welcomed Chinese involvement in several key projects, including the Mongla Port facilities Modernisation and Expansion Project (ibid.). Growing ties between the interim Mohammad Yunus-led government in Bangladesh and China have raised concerns for Indian government (Karmakar 2025).

Another problem has been the ethnic conflict between Meiteis and Kukis in Manipur, ongoing since May 2023. The conflict between the two communities brought economic activity to a halt in the state, with curfew

being imposed and the internet remaining shut off for months (Maitra 2025). Even after the intervention of government and civil society organisations, a resolution has not been found to the conflict. This has hampered Indian efforts to reach out to Myanmar through Manipur. Another important need of the hour is the diversification of trade with all the ASEAN countries. At present, Singapore remains the dominant source and destination of bilateral investments between India and Southeast Asia. There is a clear need for diversified economic partnerships across the region (Roy Choudhury 2025b).

7.6 Conclusion

India's Act East Policy has evolved into a cornerstone of the India's foreign policy, significantly enhancing relations with Southeast Asia and the broader Indo-Pacific region. This strategic policy shift has not only deepened diplomatic and economic ties but has also positioned India as a pivotal player in regional geopolitics. The success of India's AEP cannot be measured only in economic and strategic terms rather there has been an intense cultural co-operation and people-to-people contact between the citizens of both the regions. A number of challenges also exist such as the delay in completion of most of the projects. India is also suffering a trade deficit with most of the ASEAN countries. The rise of a pro-active China in Southeast Asia has also emerged as a cause of concern for India. Despite these challenges, there persists a strong hope that the next decade will bring even far greater opportunities for collaboration and mutual growth.

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Chapter 8

India–Asean: Recognising Energy and Maritime Diplomacy

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8.1 Introduction:

The strategic landscape of the Indo-Pacific region is undergoing a significant transformation, marked by notable shifts in power relations. Within this context, the intersection of energy security and maritime stability has emerged as the central axis for regional cooperation. For both India and the Association of Southeast Asian Nations (ASEAN), this intersection has progressed from being solely an area of economic consideration to representing a core element of national and collective resilience. The partnership between India and ASEAN has matured considerably since its early stages in the 1990s, culminating in the establishment of a Comprehensive Strategic Partnership (CSP) aimed at addressing the intricacies of an increasingly multipolar global environment (Jacob, 2025). A shared understanding underscores that the Indian Ocean and South China sea lanes are critical to global trade, while the shift towards sustainable energy constitutes a major challenge of the twenty-first century. This report explores the various dimensions of

India–ASEAN energy and maritime diplomacy, detailing how these two sectors have become the foundational pillars of an enhanced Act East Policy (AEP) intended to advance regional peace, stability, and prosperity. India and ASEAN presently maintain a Comprehensive Strategic Partnership, reflecting a strong alignment between India’s Act East Policy and the ASEAN Outlook on the Indo-Pacific (AOIP). As of 2026, this partnership is primarily focused on advancing physical, digital, and economic connectivity. Notable initiatives include the nearing completion of the India-Myanmar-Thailand Trilateral Highway and the ongoing review of the ASEAN-India Trade in Goods Agreement (AITIGA) to facilitate more accessible and equitable trade. Security collaboration has intensified, emphasizing maritime security, counterterrorism, and adherence to a rules-based order in the South China Sea. In addition, the partnership has broadened to encompass emerging sectors such as fintech, green energy, and digital public infrastructure, thereby strengthening role of ASEAN as a cornerstone of regional foreign policy of India (Saha, 2025).

8.2 The Historical and Strategic Foundations of Act East

A comprehensive understanding of India–ASEAN relations require an examination of the significant structural changes in Indian foreign policy that commenced in 1991. The dissolution of the Soviet Union and the ensuing balance-of-payments crisis compelled India to fundamentally reassess its economic and strategic priorities. Consequently, Prime Minister Narasimha Rao introduced the Look East Policy (LEP), marking a notable shift from India’s previous cautious approach towards its eastern neighbours. The LEP initially adopted a dual strategy: leveraging Japan, South Korea, and Singapore’s technological and investment strengths, while also recognising ASEAN’s dynamic economies as important export destinations (Fry, 2008). India’s progression from

Sectoral Dialogue Partner status in 1992, to Full Dialogue Partner in 1996, and ultimately to a Summit-level partnership by 2002, demonstrates intentional institutional advancement. By the early 2010s, however, it became clear that observational engagement was insufficient amid evolving geopolitical challenges, including increased maritime activity by regional powers and a greater need for defence cooperation. In response, Prime Minister Narendra Modi introduced the Act East Policy (AEP) in 2014, signifying a shift towards a more assertive, action-oriented, and security-focused approach (Panda, 2015). The AEP broadened India's engagement to encompass the wider Indo-Pacific region, emphasizing connectivity, maritime security, and robust institutional frameworks. This historical development is anchored by a mutual commitment to ASEAN significance, ensuring the association remains pivotal in shaping the Indo-Pacific's regional architecture. Endorsement of India to ASEAN centrality is pragmatic, aimed at averting the region's transformation into a stage for major power rivalry. For ASEAN, India serves as a valuable strategic partner possessing sufficient influence without dominating. This convergence of interests is formalized through the alignment of India's Indo-Pacific Oceans Initiative (IPOI) with the ASEAN Outlook on the Indo-Pacific (AOIP), both advocating for inclusivity, transparency, and adherence to international norms (AOIP Forum, 2025).

8.3 Maritime Diplomacy: Doctrines, Norms, and Security Frameworks

Maritime diplomacy has become a central and significant aspect of the India–ASEAN partnership. This area operates under comprehensive SAGAR (Security and Growth for All in the Region) vision of India, established in 2015 as an integrated framework for maritime collaboration. The SAGAR initiative positions India as a net security

provider and underscores its dedication to collective efforts in addressing both traditional and non-traditional maritime challenges. By 2024, this approach had advanced into the MAHASAGAR strategy (Mutual and Holistic Advancement for Security and Growth Across Regions), signifying expanded objective of India to play a leading role in global ocean governance and to incorporate blue economy considerations into national security planning (TOI, May 2025).

8.4 Naval Diplomacy and Operational Interoperability

The practical implementation of maritime diplomacy is supported by the increasing frequency and sophistication of naval exercises. These activities have developed from basic passage exercises (PASSEX) to advanced, multi-dimensional warfare drills (Sharma, June 2025). The India-Singapore Maritime Bilateral Exercise (SIMBEX), for instance, represents the longest uninterrupted naval exercise conducted by India with any nation. Since its inception in 1994 as an anti-submarine warfare (ASW) initiative, SIMBEX has expanded to encompass anti-air and anti-surface warfare elements, integrating sophisticated assets such as fighter aircraft, nuclear-capable submarines, and long-range maritime patrol aircraft (Yang, August 2025).

Similarly, the MILAN series (multilateral naval exercise), organized biennially by the Andaman and Nicobar Command (ANC), functions as a premier platform for regional cooperation. Initially launched in 1995 with participation from just five naval forces as navies of Singapore, Sri Lanka, Thailand and Indonesia, joined in the inaugural edition, MILAN has evolved into a major regional event featuring over 40 countries, enabling the exchange of best practices in Humanitarian Assistance and Disaster Relief (HADR) and counter-piracy efforts (The Indian Express, February 2022). The ANC itself, often referred to as an ‘unsinkable aircraft carrier,’ grants India a strategic advantage at the western entrance

to the Malacca Strait, enabling prompt response capabilities during maritime emergencies.

The inaugural ASEAN-India Maritime Exercise (AIME) in 2023 marked a significant milestone, reflecting ASEAN's collective intent to pursue defence-strategic engagement with India (MINDEF Singapore, May 2023). Also, these endeavours are reinforced by Coordinated Patrols (CORPATs) with Indonesia and Thailand, conducted bi-annually to deter illicit activities along the International Maritime Boundary Line (IMBL) (ET Government, December 2022).

8.5 The Geopolitics of the South China Sea: Vietnam and Philippines

The South China Sea (SCS) represents a central arena for the intersection of India's maritime strategy and energy diplomacy, offering substantial opportunities alongside complex geopolitical challenges. India's involvement in the SCS is motivated by three key considerations: safeguarding commercial trade routes, advancing energy security, and promoting adherence to international norms within this contested region.

8.5.1 Vietnam: Energy Exploration as Strategic Presence

Vietnam has long served as a central element of India's South China Sea (SCS) policy. The partnership is rooted in the involvement of ONGC Videsh Limited (OVL), which has participated in hydrocarbon exploration on Vietnam's continental shelf since 1988. The presence of OVL in blocks 127 and 128 has contributed to diplomatic tensions between New Delhi and Beijing, as China asserts claims over these territories within its "nine-dash line (a series of line segments depicted on multiple maps have been used to substantiate the territorial claims of the People's Republic of China (PRC, commonly referred to as Mainland China) and the Republic of China (ROC, commonly known as Taiwan)

in the South China Sea)” (Sang, August 2024). Despite objections from China and intermittent disruptions to exploration activities, India has consistently maintained operations in these areas based on strategic considerations. The official stance adopted by India that its actions are strictly commercial reflects a carefully calibrated diplomatic approach. This enables India to continue pursuing energy interests without directly intensifying territorial disputes, while also affirming Vietnam’s sovereign rights under the United Nations Convention on the Law of the Sea (UNCLOS). The strategic significance of India’s engagement is further illustrated by OVL’s 45 percent ownership of the Lan Tay and Lan Do gas fields, establishing a substantial presence in this key maritime region (Jacob, 23 August 2023).

8.5.2 Philippines: The Defence-Strategic Upgrade

In recent years, the Philippines has become an increasingly important partner in the maritime strategy of India, motivated by mutual concerns regarding heightened tensions in the West Philippine Sea. The bilateral relationship was notably strengthened in 2022 through a \$375 million agreement for the procurement of the BrahMos supersonic cruise missile system by the Philippine Navy. With deliveries completed by April 2024, this transaction significantly enhanced the Philippines’ coastal defence capabilities and marked India’s entry into the regional defence export market. Further strategic alignment between New Delhi and Manila is evident from the establishment of formal maritime dialogues in 2024 (The Indian Express, 19 April 2024). During President Ferdinand Marcos Jr.’s visit to India in 2025, the partnership was officially elevated to the level of a Strategic Partnership. The joint declaration underscored the principles of freedom of navigation, overflight, and the peaceful settlement of disputes in accordance with the 2016 Arbitral Award a position India has expressed increasing support for. Additionally, the

initiation of the first formal Maritime Cooperative Activity (MCA) in the West Philippine Sea in 2025 reflects a new phase of operational collaboration, aimed at upholding a rules-based order in the region (Nepomuceno, August 2025).

8.6 Energy Diplomacy: Navigating the Transition to Green Horizons

Energy diplomacy of India with ASEAN is experiencing a significant transition, shifting emphasis from the acquisition of conventional hydrocarbon resources to advancing a regional green energy transformation. This evolution is motivated by India's pledge to attain net-zero emissions by 2070, as well as its aspiration to assume a leadership role among the Global South during the climate transition.

8.7 The International Solar Alliance and the OSOWOG Vision

The International Solar Alliance (ISA), based in India, functions as a key platform for solar diplomacy. In January 2026, the alliance reaches 126 signatory countries, with an objective of mobilizing \$1 trillion in solar investments by 2030. Through this alliance, India offers technical support and capacity building for solar energy initiatives across ASEAN member states, notably in Indonesia and Vietnam, which demonstrate significant solar potential (Kumar, January 2026).

A cornerstone of these efforts is the “One Sun-One World-One Grid” (OSOWOG) initiative. The OSOWOG vision aims to establish a globally interconnected green grid and holds relevance for the ASEAN Power Grid (APG). Integration of India's regional electricity market which already connects Nepal, Bhutan, Bangladesh, and Myanmar with the APG presents a substantial opportunity for enhancing regional connectivity. Such integration would facilitate renewable energy supply balancing across various time zones, thereby minimizing reliance on costly energy

storage solutions and fossil-fuel-based backup systems (ASEAN, October 2025).

8.8 The New Energy Frontier: Biofuels and Green Hydrogen

Collaboration between India and its Southeast Asian counterparts in the field of biofuels is rooted in the Global Biofuels Alliance (GBA). As leading global producers of palm oil, Indonesia and Malaysia serve as pivotal partners in these efforts. The relationship between India and Malaysia has evolved beyond basic commodity trading, now encompassing “green diplomacy” with a focus on Malaysian Sustainable Palm Oil (MSPO) certification and the advancement of second-generation biofuels (BioEnergy Times, January 2025). Green hydrogen represents a new area of opportunity for energy cooperation between India and Indonesia. Indonesia’s ambition to deploy 75 GW of renewable energy by 2040, alongside India’s National Green Hydrogen Mission, creates substantial scope for synergy.

Joint research into green hydrogen hubs and standardization initiatives may enable both countries to increase value retention within the Global South and decrease reliance on technology and supply chains from the North. The launch of the APAC Green Hydrogen Alliance in late 2024 further highlights the commitment to regional collaboration in this emerging sector (Financial Times, 2025).

8.9 The Blue Economy: Advancing Sustainable Development

The Blue Economy has evolved from an environmental initiative into a “strategic instrument of foreign policy” for India and ASEAN. It involves the responsible utilization of ocean resources to foster economic growth, encompassing sectors such as fisheries, maritime transport, renewable energy, and marine biotechnology, while safeguarding the integrity of marine ecosystems.

8.10 Frameworks for Cooperation

The ASEAN Blue Economy Framework, adopted in 2021, has positioned the blue economy as a driving force for regional economic advancement. This framework closely aligns with India's Draft Blue Economy Policy (2020) and the Maritime Amrit Kaal Vision 2047, which prioritise port-led development, maritime spatial planning, and deep-sea research. The designation of 2026 as the "ASEAN-India Year of Maritime Cooperation" is projected to provide a strategic platform for launching collaborative blue economy initiatives between India and ASEAN (Economic Times, October 2025).

Key areas of joint action include addressing marine debris and plastic pollution by coordinating ASEAN's Regional Action Plan for Combating Marine Debris (2021–2025) with India's coastal cleanup efforts. In the realm of sustainable fisheries, both partners aim to reinforce regional food security through improved data sharing about illegal, unreported, and unregulated fishing activities and by encouraging sustainable aquaculture practices. Another significant focus is marine renewable energy, with India and ASEAN exploring opportunities for offshore wind and tidal energy projects, tapping into India's expertise in large-scale renewable energy development.

Finally, advancing underwater domain awareness technologies is essential for monitoring subsurface environments to support both economic activities and regional security, especially within deep-sea contexts (TOI, July 2025).

8.11 The Seychelles-Singapore-Samoa (SSS) Axis

Indian policy institutes have proposed the SSS Axis (Seychelles-Singapore-Samoa) as a strategic framework for advancing blue economy partnerships (Mohan, 19 February 2021). This axis acknowledges the

expanding economic and strategic influence stretching from Africa's eastern coast to the Western Pacific Ocean, positioning ASEAN and notably Singapore as central to a global maritime resource network.

India's Deep Ocean Mission and Sagarmala programme are structured to align with these regional developments, targeting the modernisation of port infrastructure and the establishment of coastal industrial clusters integrated with ASEAN supply chains (Ministry of Ports, Shipping and Waterways, 27 March 2025).

8.12 Connectivity: Establishing Physical and Digital Networks

A major challenge to realizing a fully integrated India–ASEAN partnership is connectivity. Although digital networks have advanced rapidly, physical infrastructure continues to encounter geographic, political, and financial obstacles.

8.13 The IMT Highway and Kaladan Project

The India-Myanmar-Thailand (IMT) Trilateral Highway represents the principal physical connectivity project under the Act East Policy, designed to provide a continuous road link connecting Manipur, Myanmar, and Thailand. However, delays have pushed the completion date from 2015 to 2019, and currently to 2027, largely due to ongoing political instability and conflict in Myanmar especially in regions critical to the highway's construction and bridge replacements (The Star, 21 February 2025). Similarly, the Kaladan Multi-Modal Transit Transport Project (KMMTTP) is crucial for linking India's eastern coast with its landlocked Northeast through Myanmar's Sittwe port. While maritime and port infrastructure is mostly operational, inland waterways and road components remain susceptible to local security challenges. Despite these difficulties, India continues to pursue these projects, recognising their

importance in transforming the Northeast into an economic corridor connected to ASEAN markets (ET Government, 02 October 2025).

8.14 Fintech and Space Cooperation

Contrasting the slow progress of physical infrastructure, digital connectivity between India and ASEAN is growing swiftly. India's Unified Payments Interface (UPI) integration with Singapore's *PayNow* demonstrates regional fintech collaboration, enabling instant, low-cost cross-border transactions. Plans are being developed to extend this interoperability to other ASEAN countries, such as Indonesia and the Philippines. Additionally, Space cooperation has become a significant element of digital connectivity. India's satellite technology capabilities are being utilized to support ASEAN nations with navigation, earth observation, and disaster risk reduction. The installation of a ground station in Vietnam for receiving Indian remote sensing satellite data highlights this advanced technological partnership.

8.15 Geopolitical Competition and the Role of China

The relationship between India and ASEAN is significantly influenced by the ongoing strategic competition with China, particularly as this rivalry increasingly manifests in the maritime domain. Central to this competition are concerns over the security of Sea Lanes of Communication (SLOCs) and the broader contest for regional influence.

8.16 The Malacca Dilemma versus the String of Pearls

China's acute dependence on energy imports transiting the Strait of Malacca is widely characterised as the Malacca Dilemma has underpinned strategic initiatives such as the Belt and Road Initiative (BRI) and the expansion of port infrastructure across the Indian Ocean, often subsumed under the rubric of the String of Pearls. From India's perspective, these

developments are indicative of an emerging effort to circumscribe its maritime strategic space. In response, India has expanded its naval presence in the South China Sea and deepened security relations with ASEAN littoral states, thereby building what some describe as a '*Mandala*' of strategic partnerships (Geopolitika, October 2025). For ASEAN member states, navigating this dynamic presents complex challenges. While there are apprehensions regarding China's territorial posture, ASEAN economies remain closely tied to China, notably through the Regional Comprehensive Economic Partnership (RCEP). The decision of India to withdraw from RCEP in 2019 remains a concern for ASEAN, potentially limiting India's role in the region's interconnected value chains. Thus, India's continued strategic relevance in Southeast Asia hinges on its capacity to provide an economic counterbalance to China while upholding its credibility as a security partner (Hutagalung, July 2024).

8.17 Theoretical Frameworks: International Politics

The complexities of the India–ASEAN compact could be understood through several major international relations theories, each providing a unique lens to interpret the underlying drivers of cooperation. Neorealism, for instance, emphasises the balance of power in the region. Through this perspective, India's Act East Policy and its expanding defence ties such as arms sales to the Philippines might be viewed as classic balancing strategies intended to counter the rise of a regional hegemon like China. Here, the "security dilemma" in the South China Sea compels states to pursue hard-power collaboration to protect their sovereignty. Instead, the theory of complex interdependence, articulated by Keohane and Nye, highlights how states are connected by multiple channels including trade, energy, and environmental concerns. In this view, the "politics of economic interdependence" (Keohane and Nye,

2012) between India and ASEAN where mutual weaknesses are shaped by interconnected energy grids and fintech systems reduces the likelihood of conflict and makes cooperative behaviour more rational. Constructivism offers a different angle by focusing on the role of identity and shared norms (Wendt, 1999).

India's invocation of civilizational linkages and its advocacy of ASEAN Centrality are efforts to foster an inclusive, rules-based Indo-Pacific identity. From this perspective, the normative influence of ASEAN in shaping regional behaviour becomes a key point of analysis. Finally, neo-functionalism proposes that cooperation in technical or functional sectors—such as energy or digital payments could generate surge effects, eventually leading to deeper political and security incorporation. The growing India–ASEAN partnership in sectors like energy demonstrates the potential validity of this theory in the Asian context, as functional engagement may pave the way for broader rapprochement.

8.18 Economic and Institutional Barriers

Although the India–ASEAN relationship exhibits strategic conjunction, its economic dimension remains relatively vulnerable. India's ongoing trade deficit with ASEAN amounting to billions of dollars annually has heightened protectionist concerns in New Delhi. The review of the ASEAN-India Trade in Goods Agreement (AITIGA) is essential for creating a more balanced trade framework and supporting India's integration into regional supply chains (Jacob, November 2025). A further obstacle is the persistent gap between policy ambition and on-the-ground implementation. Sustaining India's strategic relevance might therefore require consistent high-level political attention, faster and more coordinated bureaucratic execution, and stronger private-sector participation in trade and connectivity projects.

8.19 Perspective Ahead

With the 35th anniversary of India–ASEAN relations approaching in 2027, the focus has shifted towards the execution of the CSP Plan of Action (2026–2030). This era is likely to be defined by five pivotal developments. Primarily, energy securitization will rise to the forefront as both entities collaborate to safeguard power grids and ensure stable supply chains for critical minerals like rare earths, nickel, and lithium. Furthermore, defence ties are set to strengthen through expanded hard-power diplomacy, emphasizing joint naval production and increased military exports under the "Make in India" framework. Simultaneously, the blue economy will mature from a conceptual policy into operational ventures involving carbon neutrality initiatives, deep-sea research, and marine biotechnology. On the infrastructure front, physical connectivity will advance as "missing links" in the IMT Trilateral Highway are addressed and the Kaladan corridor becomes fully functional, despite regional security concerns. Lastly, this partnership will empower India and ASEAN to champion the Global South's interests at international forums like the G20 and COP, particularly regarding technology transfer and climate finance. Collectively, these trends signal a robust commitment to global advocacy, regional integration, and intensified cooperation.

8.20 Conclusion

The strategic collaboration between India and the ASEAN has attained a critical juncture where maritime and energy diplomacy serve as fundamental constituents. Regional stability within the Indo-Pacific is contingent upon the ability of both entities to institutionalize a rigorous, rules-based framework capable of mitigating the complexities inherent in contemporary major power dynamics. For the Republic of India, ASEAN constitutes a central pillar of the Act East Policy and a primary conduit

to the East Asian economic sphere. Concurrently, ASEAN views India as a vital strategic counterbalance and a significant partner in the global transition towards sustainable energy systems. India's transition from the "Look East" paradigm to a proactive "Act East" policy is substantiated by high-level defence cooperation, such as the provision of BrahMos missile systems, the harmonization of cross-border digital financial architectures, and collective engagement in global renewable energy initiatives. Nevertheless, the enduring viability of this partnership remains subject to the mitigation of significant trade deficits, the resolution of infrastructure exigencies in Myanmar, and the realization of objectives concerning the blue economy. Through the alignment of maritime security imperatives with energy security objectives, India and ASEAN are positioned to facilitate regional prosperity throughout the "Asian Century." The designation of 2026 as the "Year of Maritime Cooperation" signifies a pivotal opportunity to delineate a more comprehensive strategic vision for the Indo-Pacific region.

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Chapter 9

India's SCO Strategy in Central Asia

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9.1 Introduction

The SCO represents China's endeavour to approach Central Asia from a multilateral perspective. The SCO's professed policies, norms, and rhetoric are greatly impacted by China's changing foreign policy thinking since the early 1990s, particularly Beijing's development of "new regionalism" and "new security concept" to support China's "peaceful rise" in international affairs. Beijing claims that the SCO exemplifies "new regionalism" since it is characterised by "open, functional, interest-based cooperation among contiguous nations," which is based on respect for the sovereignty of its member states (Aryal, p. 104).

The Shanghai Cooperation Organisation (SCO), established in 2001 (in June the five presidents assembled in Shanghai) as the successor to the 'Shanghai Five' mechanism (formed in 1996) (Shanghai Cooperation Organisation Secretariat, 2017). The SCO is China's most important security and regional initiative in Central Asia. Its establishment in June 2001 has brought China into a new strategic partnership with Russia and

four countries in Central Asia (Kyrgyzstan, Tajikistan, Uzbekistan, and Kazakhstan). This marks a significant shift in Chinese foreign policy. A multilateral Strategic Partnership was established for the first time by China (Dutta, 2003, p. 159).

A historic Treaty on Deepening Military Trust in Border Regions was signed in Shanghai in April 1996 by the presidents of China, the Russian Federation, Kazakhstan, Kyrgyzstan, and Tajikistan. A year later, they concluded the Treaty on the Reduction of Military Forces in Border Regions. Negotiations that resulted in final bilateral agreements on the delimitation of China's western border were made possible by these and other papers that fostered confidence. The Uzbek president became the sixth member of the organisation by signing both of these documents. Because Uzbekistan and China did not share a border, this was a historic development. Founded by China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, the SCO initially emphasised confidence-building measures, border demilitarization, and combating the "three evils" of terrorism, separatism, and extremism. Turkmenistan was the single country in Central Asia to abstain from joining the SCO, citing concerns that this would breach or violate its official status of neutrality (Akiner, 2010, pp 6-7). With the participation of the SCO Secretary-General and the Director of the Executive Committee of RATS (Regional Anti-Terrorist Structure), the SCO regularly organises defence ministerial level meetings. These meetings are conducted yearly to discuss urgent issues pertaining to the regional and global security environment (read threats and challenges) and to coordinate action plans (Stobdan, p. 391). The Uzbekistan's president I. A. Karimov, while evaluating the activities of the SCO for ten years (in 2011), said that "in a relatively short historical period the SCO has emerged as an influential and authoritative international structure". He further stressed that "SCO based on its

fundamental principles has been asserting itself as a reliable guarantor of stability and security in the region. At the present stage it is on the vortex of a rapidly changing, uncertain world and has a vital, enduring, regional importance" (Umarov, 2014, p. 33).

Subsequently, its responsibilities have expanded to include economic integration, connectivity initiatives, counter-terrorism efforts through the Regional Anti-Terrorist Structure (RATS), and broader regional stability amid evolving geopolitical dynamics. At the June 8-9, 2017, Astana Summit, India was admitted as a full member of the SCO regional grouping, further solidifying its growing regional engagement. Prominent CAS members including Tajikistan, Kyrgyzstan, Uzbekistan, and Kazakhstan have constantly extended support for India's admission to the group. India's application for a seat on the United Nations Security Council has also received support from Kazakhstan and Tajikistan (Pradhan, 2021, p. 133).

Central Asia holds substantial strategic importance in India's foreign policy. As an extended neighbourhood, the region offers opportunities in energy security (access to oil, gas, and minerals), counter-terrorism (addressing threats from Afghanistan and cross-border extremism), economic connectivity (via projects like the INSTC and Chabahar Port), and cultural-historical linkages rooted in ancient civilizational ties. For India, engagement with Central Asia helps diversify partnerships, enhance continental access beyond its maritime focus, and promote a balanced, multipolar order in Eurasia- particularly in countering dominant influences and safeguarding sovereignty and territorial integrity.

9.2 India and SCO

The SCO was founded to serve as an intergovernmental forum for economic and security cooperation among its Eurasian member states. In July, 2005 in 'Astana Summit' India (as well Iran and Pakistan) was granted as an observer to the SCO (MEA, GoI, 2025). The first indication that India was "ready to enhance its engagement with the SCO" was when its members "lifted the moratorium on new membership and paved the way for expansion of this regional grouping" during the 2010 Tashkent Summit. India was only able to submit its "formal application for the full membership of the SCO" in 2014 after the "SCO finalised procedures for taking in new members," as there remained questions concerning the "rules and procedures" for the expansion of this (SCO) body. Because of several geopolitical, security, and economic factors, India submitted an application for full membership of the SCO. These factors include "energy cooperation, counter-terrorism and anti-narcotics, connectivity with the Eurasian region, capacity building in central Asia, and the changing security situation in Afghanistan." As a forum for dialogue, the SCO can improve mutual respect and collaboration between India and the other SCO countries. India's geostrategic, security, and economic interests in the Eurasian region can thus be better served by this regional organisation (Upadhyay, 2016).

The SCO decided to admit India (along with Pakistan) as a full member at Ufa, Russia, in July 2015. India (as well as Pakistan) formally became a full member of the SCO in June 2017 at the Summit in Astana. India has been an active member of the SCO from its induction and has given significant assistance to a number of the forum's procedures. India has made sure that there is adequate representation in SCO meetings and events. The PM attends the CHS (Council of Heads of State) meetings,

while EAM often represents the CHG (Council of Heads of Government) meetings (MEA, GoI, 2025).

9.3 India's SCO Strategy in Central Asia

The SCO is China's first international organisation that Beijing co-founded. It limits US dominance in Eurasia, regulates Chinese-Russian relations in Central Asia, and lays the groundwork for an alternative international order. In order to keep the SCO from becoming a Beijing-dominated club that solidifies Chinese dominance in Central Asia, India views it as a means of balancing its multi-aligned foreign policy (Lidarev, 2025).

Central Asia is India's "extended neighbourhood," according to Ashok Sajjanhar (2024), the Indian ambassador to Kazakhstan, Sweden, and Latvia. India must continue to interact with both Central Asia and the wider Eurasian region. Expanded membership in the SCO will support India's objectives of enhancing collaboration with friendly Central Asian nations, Russia, Iran, and others. It will also give India a forum to engage with China outside of meetings, if necessary. The fact that Central Asia is looking outside of the region- beyond China and Russia- to improve its relationship or cooperation with other countries is also important. As stated in Article 1 of its charter, the SCO has made fighting terrorism, separatism, and extremism a top priority since its inception. At the SCO, India's primary goal was to eliminate terrorism and terrorist organisations from its northwest border while simultaneously fostering connectivity and socioeconomic advancement throughout Eurasia. Since 2005, India has advocated for strong connectivity between South and Central Asia while honouring other countries under the "Shanghai Spirit" of the SCO. In order to challenge Chinese dominance in regional connectivity projects, India strategically used the SCO conference to strengthen or improve ties with Central Asian Republics (CARs). As part of the Ashgabat accord,

India has made significant investments in Chabahar Port and the International North-South Transport Corridor (INSTC). Projects guided by India are dependable, transparent, inexpensive, and consultative (Pant; Wani, 2024).

The SCO is a significant economic, security, and geostrategic effort across Eurasia. India was admitted as a full member state during the 2015 Ufa Summit in Russia after submitting an application for full membership in the SCO at its Dushanbe summit in 2014 (Ufa 2015). India's full participation in the SCO was endorsed by Russia and all of the Central Asian countries; China, however, was reluctant at first but ultimately agreed to India's full membership with Pakistan. In addition to helping India gain access to the region, membership in the organisation will help India combat Pakistan's anti-Indian propaganda, guarantee its economic engagement with the larger Central Asian region, and give New Delhi access to a market in Central Asia as a substitute for Chinese goods. Crucially, the importation of gas and oil from Central Asia through Iran's Chabahar port will provide a glimmer of hope for India's energy crisis. The International North-South Transportation Corridor (INSTC) is a beneficial project that could motivate the partner nation to advance it to the next stage of pipeline construction with a design that benefits both the supplier and the consumer countries (Pradhan, 2021, p. 137).

India's External Affairs Minister S Jaishankar highlighted New Delhi's long-term priorities at the Shanghai Cooperation Organisation (SCO) during the 24th summit in Astana, Kazakhstan. These priorities included combating terrorism, maintaining strong connectivity, upholding sovereignty and territorial integrity, and acknowledging the vital role that Central Asia plays in the organisation. The China-Pakistan Economic Corridor was condemned by him for infringing on India's sovereignty in Pakistan-occupied Kashmir (Pant; Wani, 2024).

In the Joint Statement of the 4th India-Central Asia Dialogue (June 06, 2025), both sides emphasised the significance of the SCO. The Ministers acknowledged the crucial role the SCO plays in fostering regional peace, security, stability, economic growth, and interpersonal interactions. The outcomes of the Council of SCO Heads of State summit, which took place in Astana on July 4, 2024, were well appreciated. They pointed out that Central Asia will always be at the centre of the SCO and that the interests and goals of the region's nations should be given top priority. The Central Asian Foreign Affairs Ministers praised the results of the Council of SCO Heads of State, which India hosted on July 4, 2023, and acknowledged India's proactive involvement in the SCO (MEA, GoI, 2025).

9.4 India's PM address to SCO 2025

While attending the 25th SCO summit on September 1, 2025, India's Prime Minister stated, "Today is Uzbekistan's Independence Day, and yesterday was Kyrgyzstan's National Day (August 31). On this occasion, I extend my congratulations and best wishes to both leaders." He also said "over the past 24 years, the SCO has played a vital role in connecting the extended family across the Eurasian region. As an active member, India has always contributed in a constructive and positive manner. India's vision and policy towards the SCO are built on three key pillars: (I) S- Security; (II) C- Connectivity; (III) O- Opportunity.

(I) First, security, peace, and stability are indispensable for national development, yet terrorism, separatism, and extremism continue to pose serious threats not only to individual states but to humanity as a whole; no society or citizen remains entirely immune. India has therefore consistently underscored the necessity of collective action against terrorism, particularly through the Regional Anti-Terrorist Structure (SCO-RATS), including initiatives such as leading the Joint Information Operation to counter al-Qaeda and its affiliated organisations, and

proposing enhanced coordination and joint measures against radicalisation.

(II) Second, connectivity serves not merely as a facilitator of trade but as a catalyst for trust and sustainable development; accordingly, India has advanced projects such as the Chabahar Port and the International North-South Transport Corridor to strengthen linkages with Afghanistan and Central Asia, while firmly upholding the principles of sovereignty and territorial integrity enshrined in the SCO Charter.

(III) Third, opportunity represents the broader objective of cooperation and reform; under India's presidency in 2023, the SCO expanded its agenda to include emerging domains such as start-ups and innovation, traditional medicine, youth empowerment, digital inclusion, and the shared Buddhist heritage, thereby infusing the organisation with renewed dynamism and strategic purpose. He also stated, The SCO can play a guiding role in promoting multilateralism and an inclusive world order. I welcome the issuance of a statement on this important subject today. We are moving forward in close coordination and cooperation with all partners. I extend my best wishes to the next Chairman of the SCO, the President of Kyrgyzstan, and my friend, President Japarov (The Indian Express, 2025).

9.5 Challenges

India's SCO strategy encounters key hurdles that curb its influence in Central Asia, including China's economic sway, shallow intra-SCO trade, physical connectivity gaps, and internal India-Pakistan friction. China's Belt and Road Initiative (BRI) overshadows India's efforts, with massive infrastructure investments securing Central Asian buy-in and sidelining New Delhi in economic discussions. India resists BRI for sovereignty reasons, like CPEC through PoK, leading to isolation despite pushing

alternatives like INSTC. This asymmetry limits India's agenda-setting in SCO forums. SCO trade remains fragmented, with India's deficit versus China. Geography blocks overland access via Pakistan and unstable Afghanistan, keeping India-Central Asia trade below. Chabahar Port and INSTC offer routes, but progress is slow against BRI networks.

9.6 Conclusion

In conclusion, India's participation in the SCO reflects a pragmatic and multi-layered Eurasian strategy. While the organisation does not fully resolve connectivity and economic constraints, it provides India with diplomatic leverage and security engagement in Central Asia. The Central Asian region is rich in hydrocarbons, uranium, and other natural resources. It also plays a critical role in regional security due to its proximity to Afghanistan. For India, Central Asia is important for: Energy security, Counterterrorism cooperation, Balancing China's influence in Eurasia, and expanding connectivity and trade routes. SCO Matters for India because it focuses on: (I) Combating terrorism, extremism, and separatism, (II) Promoting regional stability, encouraging economic and connectivity initiatives. India views the SCO as a platform to engage Central Asian states collectively, a mechanism to participate in Eurasian security architecture, and a diplomatic space to interact with both Russia and China. The organisation allows India to strengthen security cooperation, particularly through the Regional Anti-Terrorist Structure (RATS), and to engage in discussions concerning Afghanistan. Finally, the SCO serves as an important- though not exclusive- instrument in India's broader Central Asia policy.

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PART IV

WEST ASIA, ENERGY, CLIMATE AND GLOBAL CHALLENGES

Chapter 10

Geopolitics of Energy, Trade Routes, and Security in the Middle East Conflict

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10.1 Introduction

The Middle East has historically occupied a central place in global strategic calculations, primarily due to its unparalleled hydrocarbon endowments and its location at the crossroads of three continents. However, the security architecture that underpinned relative stability in the Gulf for much of the post-Cold War period—characterised by US security guarantees, a tacit US–Saudi *modus vivendi*, and containment of Iranian power—has unravelled with accelerating speed since 2020. The assassination of Qassem Soleimani (2020), the subsequent collapse of JCPOA negotiations, the Gaza war (2023–2025), and the eventual outbreak of direct US–Israeli military action against Iran beginning 28 February 2026 have fundamentally transformed the regional security landscape. The significance of this transformation extends far beyond the immediate battlefields of West Asia.

The Middle East remains the source of approximately 30 per cent of global crude oil production and is traversed by maritime chokepoints—most notably the Strait of Hormuz and the Bab el-Mandeb Strait—

through which a substantial proportion of the world's seaborne oil and liquefied natural gas must pass. Any sustained disruption to these routes has immediate and severe consequences for global energy prices, industrial supply chains, and macroeconomic stability. India's stake in this conflict is particularly acute.

As the world's third-largest oil importer and the second-largest consumer of liquefied petroleum gas, India imports roughly 85–90 per cent of its crude oil requirements, of which an estimated 46–55 per cent passes through the Strait of Hormuz. Approximately nine million Indian nationals reside in Gulf Cooperation Council countries, representing a vital source of remittance income estimated at US\$40 billion annually. Moreover, India's strategic aspirations in Central Asia and Afghanistan—articulated through investments in Chabahar Port and the International North-South Transport Corridor—are critically dependent on stable relations with Iran.

This chapter addresses the following central problem: How do the intersecting dynamics of US–Israel–Iran military escalation, nuclear proliferation risks, and maritime chokepoint vulnerabilities reshape global energy security and trade flows, and what are the implications for India's strategic interests? By providing a structured analysis of these dimensions, the paper aims to contribute to academic and policy discourse on contemporary Middle Eastern geopolitics and India's adaptive strategic responses.

10.2 Theoretical and Conceptual Framework

This study is grounded in three complementary theoretical traditions within International Relations and Strategic Studies.

10.2.1 Classical and Neoclassical Realism

Realism's core propositions—that international politics is characterised by anarchy, that states are the primary actors motivated by survival and power maximisation, and that relative gains determine alliance behaviour—provide a foundational lens for analysing the US–Israel–Iran dynamic. The conflict can be interpreted as a classic security dilemma: Iran's nuclear and missile programme, pursued ostensibly for deterrence, are perceived by Israel and the United States as existential threats warranting pre-emptive military action. The February 2026 strikes, launched despite active diplomatic negotiations, illustrate realism's pessimistic prognosis regarding cooperation under conditions of shifting power balances.

10.2.2 Geopolitics and Critical Geopolitics

The geopolitical framework directs attention to the spatial dimensions of power: the location of natural resources, the configuration of maritime chokepoints, and the territorial organisation of military alliances. The Strait of Hormuz—21 miles wide at its narrowest point—functions as what Mackinder might have termed a “geographical pivot” of the contemporary energy system. The paper employs geopolitical analysis to assess how Iran's location astride this chokepoint, coupled with its asymmetric naval capabilities and proxy network (including the Houthis in Yemen), enables the projection of coercive power disproportionate to its conventional military capacity.

10.2.3 Energy Security Theory

Energy security is conceptualised here as the uninterrupted availability of energy sources at an affordable price. Following the framework advanced by the International Energy Agency and subsequent scholars, the paper distinguishes between *supply security* (ensuring physical access to energy

resources) and *price security* (insulating economies from volatile price movements). The current conflict has simultaneously threatened both dimensions, with supply disruptions in the Persian Gulf coinciding with price spikes that impose severe balance-of-payments pressures on energy-importing nations like India.

10.2.4 Maritime Security

Maritime security encompasses freedom of navigation, protection of shipping lanes, and the prevention of unlawful interference with commercial vessels. In the Middle Eastern context, maritime security has become contested terrain where state-on-state confrontation (Iranian naval deployments in Hormuz) intersects with non-state actor warfare (Houthi attacks in the Red Sea). The paper adopts a multidimensional approach to maritime security, considering both naval-military responses and the role of commercial insurance, rerouting decisions, and diplomatic assurances in maintaining trade flows.

10.3 The Road to War: From JCPOA Erosion to Open Hostilities

The current conflict is the culmination of a decade of progressive diplomatic failure. The US withdrawal from the JCPOA in May 2018 initiated a cycle of Iranian retaliatory enrichment, US “maximum pressure” sanctions, and Israeli covert operations against Iranian nuclear facilities. The formal expiration of the JCPOA on 18 October 2025 removed the last multilateral constraint on Iran’s nuclear programme. By early 2026, Iran had accumulated approximately 440 kg of 60 per cent enriched uranium—sufficient, if further processed, for multiple nuclear devices.

On 28 February 2026, the United States and Israel launched coordinated airstrikes across Iran, killing Supreme Leader Ali Khamenei and several

senior IRGC commanders, including intelligence chief Major General Majid Khademi. The strikes occurred despite Omani-mediated diplomatic efforts that had reportedly produced a “breakthrough” in which Iran agreed to full IAEA verification. In the 37 days following the initial strikes, the conflict expanded across the region, with over 3,400 fatalities reported and a dozen countries drawn into active hostilities.

10.4 The Nuclear Dimension

The nuclear dimension of the conflict remains unresolved and potentially escalating. IAEA Director-General Rafael Grossi stated in April 2026 that Iran was poised to “quite dramatically” increase its stockpile of near-weapons-grade uranium, having begun feeding advanced IR-6 centrifuges at the underground Fordo facility. US and Israeli strikes in June 2025 and February–March 2026 “significantly disrupted” Iran’s nuclear infrastructure but did not destroy key facilities; underground sections at Natanz and Isfahan largely survived, and Iran has since accelerated work on hardened, concealed enrichment sites. The International Institute for Strategic Studies noted in July 2025 that inspectors lost visibility of the 400 kg 60 per cent enriched uranium stockpile during the conflict, with indications it may have been relocated. A February 2026 IAEA report confirmed that the agency was unable to verify whether Iran had suspended all uranium enrichment activities.

Table 10.1: Key Milestones in the US–Israel–Iran Crisis (2025–2026)

Date	Event	Significance
June 2025	“12-Day War” – Israeli and US strikes on Natanz, Fordow, Isfahan	First direct military confrontation; nuclear infrastructure damaged but not destroyed

18 Oct 2025	JCPOA officially expires	Removal of multilateral legal constraints on Iran's nuclear programme
Nov–Dec 2025	Gulf states warn Israel over West Bank annexation; threat to Abraham Accords	Deepening rift between Israel and erstwhile Arab partners
Feb 2026	IAEA reports 440.9 kg of 60% enriched uranium in Iran's possession	Material sufficient for multiple nuclear devices
28 Feb 2026	US–Israel airstrikes kill Khamenei and senior IRGC commanders	Outbreak of open war
Mar–Apr 2026	Strait of Hormuz effectively closed; Iran declares “new Persian Gulf order”	Global energy crisis; oil prices surge

Sources: EIA, Vortexa, Fitch, JP Morgan

10.5 The Strait of Hormuz: Global Energy's Vulnerability

The Strait of Hormuz, connecting the Persian Gulf to the Gulf of Oman, is the world's most consequential maritime chokepoint. In 2024, oil flows through the strait averaged 20 million barrels per day, representing approximately 20 per cent of global petroleum liquids consumption and over one-quarter of total global seaborne oil trade. Additionally, around one-fifth of global LNG trade transited the strait in 2024, primarily from Qatar. Following the outbreak of war on 28 February 2026, Iran's Islamic Revolutionary Guard Corps Navy declared the strait “effectively closed,” announcing that “the Strait of Hormuz will never return to its former state, especially for the US and Israel”. Iran's military leadership asserted that the era of foreign dominance over the waterway was “definitively over,” and that an “indigenous security architecture for the Gulf” was being established under Iranian direction.

The disruption has been severe. Based on Vortexa tanker tracking data, the region inside the strait exported approximately 20 million barrels per day to global markets in 2025. In the March–April 2026 disruption scenario, average lost flows reached an estimated 17.5 million barrels per day, comprising 13.4 million barrels of crude and 4.1 million barrels of refined products. The International Energy Agency’s coordinated release of 400 million barrels from strategic petroleum reserves, though substantial, provides only limited relief against a disruption of this magnitude. According to Vortexa analysis, even with the full SPR release spread evenly across two months, total stockdraws would need to reach approximately 9.7 million barrels per day to compensate for the shortfall—a level that far exceeds available commercial and strategic reserves.

Table 10.2: Oil Flow Disruption Scenarios – Strait of Hormuz

Scenario	Assumed Duration	Estimated Lost Flows	Projected Brent Crude Price
Moderate disruption (Q1 2025)	Intermittent	Minimal (Iranian exports restricted)	\$66–74/bbl
12-Day War (June 2025)	12 days	Temporary reduction	\$80/bbl peak
Full closure (Mar–Apr 2026)	2 months	17.5 mb/d (13.4 mb/d crude + 4.1 mb/d products)	\$111–130/bbl (current)
Extended closure (3–6 months)	3 months	As above	\$100–170/bbl depending on duration

Sources: EIA, Vortexa, Fitch, JP Morgan

Oil prices have responded sharply to the crisis. Brent crude futures rose to \$111.51 per barrel on 7 April 2026, while West Texas Intermediate reached \$115.86. Fitch Ratings projected that a three-month closure would result in Brent crude averaging \$100 per barrel for the year, with peak period averages reaching \$130, while a six-month closure scenario could push prices to a \$170 peak. JP Morgan warned that prices could exceed \$150 per barrel if the disruption continues through mid-May.

10.6 The Red Sea and Bab el-Mandeb: Second Front

The Bab el-Mandeb Strait, linking the Red Sea to the Gulf of Aden, has emerged as a second critical chokepoint under threat. Approximately 4.2 million barrels of oil passed through the strait daily in the first half of 2025—about 6 per cent of all seaborne-traded oil—though this figure represented less than half of 2023 volumes due to Houthi attacks. The Iran-aligned Houthi movement in Yemen attacked over 100 commercial vessels between November 2023 and October 2025, sinking two vessels and killing four sailors. In July 2025, the Houthis sank the bulk carriers *Magic Seas* and *Eternity C* in the southern Red Sea. Following a period of relative calm after the October 2025 Gaza ceasefire, the Houthis re-entered the conflict in March 2026, launching missiles towards Israel and threatening to resume attacks on Red Sea shipping. The strategic danger lies in the potential *simultaneous* closure of both chokepoints. Iran has explicitly threatened to target Bab el-Mandeb shipping if the United States attempts ground operations in Iran or imposes costs through naval manoeuvres in the Gulf. An Iranian military official was quoted stating, “The Bab El Mandeb Strait is among the most strategic straits in the world, and Iran has both the will and the capability to pose a fully credible threat against it”. If both straits become impassable, tankers would be forced to reroute around the Cape of Good Hope, adding approximately 10–14 days to voyages and substantially increasing freight and insurance costs.

10.7 India's Strategic Exposure

10.7.1 Energy Import Dependency

India's energy import profile renders it exceptionally vulnerable to the Hormuz disruption. Approximately 46–55 per cent of India's crude oil and an estimated 90 per cent of its LPG (cooking gas) transit through the Strait of Hormuz. In 2025, India imported on average 898,000 barrels per day from Iraq, 640,000 b/d from Saudi Arabia, and 448,000 b/d from the UAE. Russia remained the largest single supplier in 2025, delivering approximately 1.7 million b/d, though this trade has been conducted under US sanctions pressure. During April–November 2025, India diversified its import basket, with the US share rising to 8.1 per cent (from 4.6 per cent) and the UAE share increasing to 11.1 per cent (from 9.4 per cent).

The conflict has directly threatened these supply lines. Approximately 2.5–2.7 million barrels per day of Indian crude imports were estimated to be trapped behind Iranian naval restrictions in early March 2026. Seventeen Indian-flagged vessels were awaiting safe passage through the strait in late March, though diplomatic engagement with Tehran subsequently facilitated the passage of at least seven tankers.

Table 10.3: India's Crude Oil Import Profile (2025)

Source Country	Import Volume (b/d)	Share of Total	Vulnerability to Conflict
Russia	~1,700,000	~35%	Sanctions exposure
Iraq	898,000	~18%	Hormuz transit
Saudi Arabia	640,000	~14%	Hormuz transit
UAE	448,000	~9%	Hormuz transit
United States	~271,000	~5.5%	Longer transit time

Sources: Vortexa, Economic Times, Zee News

10.7.2 India's Crisis Response

India has mounted a multi-pronged crisis response. Under **Operation Sankalp**, the Indian Navy significantly scaled up its presence in the Gulf of Oman, deploying over half a dozen warships, including logistics support vessels, to escort Indian-flagged fuel carriers. Two Indian Navy ships—a frigate and a destroyer—were deployed in the Gulf of Aden and Gulf of Oman on standby for humanitarian assistance and disaster relief operations.

Most significantly, India resumed purchases of Iranian crude and LPG in March–April 2026 after a seven-year hiatus, a move analysts interpret as a “confidence-building mechanism with Tehran” and an “insurance policy” signalling that India does not intend to take sides in the conflict. An Indian vessel carrying 44,000 metric tons of Iranian LPG berthed at a southern Indian port in early April, and the government confirmed that refiners had secured crude supplies from more than 40 countries, including Iran.

Prime Minister Modi convened multiple meetings of the Cabinet Committee on Security in March–April 2026 to review energy and fertiliser supply chains. However, India's strategic petroleum reserves—estimated at only 20–25 days of commercial buffer—remain critically inadequate compared to China's substantially larger reserves.

10.7.3 Chabahar Port and INSTC: Strategic Infrastructure at Risk

India's investment in Chabahar Port (southeastern Iran) and the International North-South Transport Corridor represents a long-term strategic hedge against dependence on Pakistan-based routes and the Suez Canal. Chabahar serves as a vital link in the INSTC, a multi-modal network designed to connect India with Russia, Europe, and Central Asia

through Iran, promising significantly reduced transit times and costs compared to traditional routes.

However, the project faces acute policy uncertainty. In September 2025, the United States cancelled the special sanctions waiver for Chabahar Port, effective 29 September 2025, as part of the Trump administration's renewed "maximum pressure" campaign against Iran. This decision placed New Delhi in an uncomfortable position between its strategic investments and its diplomatic relationship with Washington. Indian Ports Global Limited had committed approximately \$120 million directly, with additional plans to arrange \$250 million in credit for surrounding infrastructure development.

Despite these challenges, work continues. Plans to expand Chabahar's capacity from 100,000 TEUs to 500,000 TEUs and to complete a 700-km rail link connecting Chabahar to Zahedan remain under active development. Russia has also expressed interest in integrating Chabahar into the INSTC framework, potentially providing additional momentum for the project. The Eastern Corridor of the INSTC achieved a significant milestone on 8 November 2025, when a cargo train from Moscow arrived in Iran via Central Asia, carrying 62 containers on a 900-km journey that took 12 days.

10.7.4 Diaspora and Human Security

Approximately nine million Indian nationals reside in Gulf Cooperation Council countries, forming the backbone of labour forces in the UAE, Saudi Arabia, Kuwait, and Qatar. As of March 2026, over 244,000 Indian nationals—including blue-collar migrant workers—had returned home from Gulf countries, threatening the annual remittance source of approximately US\$40 billion. The war has caused significant human security disruptions, with reports indicating that more than 220,000 Indian nationals were repatriated from the Gulf region and Iran due to

the escalating conflict. Businesses across India are facing growing pressure from energy supply disruptions, with industry groups warning of shortages even as the government maintains that stocks remain sufficient.

10.8 Discussion

The analytical findings reveal several critical patterns that merit further discussion.

10.8.1 The Fragility of Energy Globalisation

The current crisis exposes a fundamental contradiction in the structure of global energy markets. While production has diversified—with the United States emerging as a major exporter and Russia maintaining significant market share—the *transit infrastructure* for Middle Eastern oil remains dangerously concentrated. The Strait of Hormuz is not merely a chokepoint; it is effectively a single point of failure for global energy security. No alternative route can compensate for a prolonged closure of the strait. Pipeline alternatives—including Saudi Arabia’s East-West pipeline to Yanbu and the UAE’s Fujairah pipeline—have limited capacity (approximately 2 million b/d combined) relative to the 17.5 million b/d of lost flows. The international community’s inability to secure this waterway against asymmetric threats from a determined state actor represents a profound collective action failure.

10.8.2 The Limits of Strategic Autonomy

India’s declared policy of “**strategic autonomy**” in the Middle East has been severely tested by the current conflict. On one hand, New Delhi has deepened ties with Israel (including Prime Minister Modi’s February 2026 visit to Jerusalem and his statement that “India stands with Israel”) and participates in the I2U2 framework with the US, Israel, and UAE. On the other hand, India has resumed Iranian oil imports, sought Iranian

cooperation for safe passage through Hormuz, and continues to invest in Chabahar Port despite US sanctions.

This balancing act has become increasingly difficult to sustain. As one analyst noted, “The assumption that the US is a dependable partner in moments of crisis has been tested repeatedly”. The Modi government’s refusal to condemn the US–Israeli strikes on Iran—despite their occurrence during active peace negotiations—has drawn criticism from domestic and international observers. The Wire characterised India as “among the biggest losers in a war it isn’t even fighting,” having “surrendered the independence that might have given it leverage”.

10.8.3 The Abraham Accords Under Strain

The conflict has revealed the fragility of the Abraham Accords framework. While the UAE and Bahrain formally maintain diplomatic relations with Israel, they have issued stern warnings regarding Israeli actions in the West Bank and Gaza, indicating that the accords could be jeopardised if Israel crosses designated “red lines”. Saudi Arabia’s normalisation with Israel, long anticipated, has not materialised, with Riyadh holding firm on Palestinian statehood as a prerequisite. The 2026 war has likely postponed any prospects of Saudi–Israeli normalisation indefinitely, as Gulf states cannot be seen cooperating with Israel while it is engaged in open warfare with Iran.

10.8.4 India’s Missed Opportunities and Path Dependencies

India’s current crisis response, while energetic, reveals long-standing strategic deficits. Most significantly, India’s strategic petroleum reserves remain grossly inadequate relative to its import dependence. While China has built reserves sufficient for 60–90 days of imports, India’s estimated 20–25 days of commercial buffer provides minimal cushion against a prolonged disruption. The 2026 crisis has forced India to adopt what

analysts term a “New Energy Doctrine,” prioritising strategic buffers, route diversification, and alternative fuels such as compressed biogas and di-methyl ether. Whether this doctrine will be implemented with sustained political will remains to be seen.

10.9 Conclusion

The US–Israel–Iran war that erupted in February 2026 represents a watershed moment in Middle Eastern geopolitics. The conflict has moved beyond the shadow warfare and proxy confrontations that characterised the preceding decade, ushering in an era of direct military engagement between major powers with profound implications for global energy security, trade routes, and strategic alignments. The analysis demonstrates that the Strait of Hormuz remains the world’s most critical energy vulnerability. Iran’s ability to effectively close the strait—or impose restrictions that make commercial shipping prohibitively expensive—has given Tehran asymmetric leverage that conventional military superiority cannot easily neutralise. The dual threat to Hormuz and Bab el-Mandeb creates a worst-case scenario for global maritime trade, with rerouting around the Cape of Good Hope imposing substantial costs and delays. India’s exposure to this crisis is disproportionate to its direct involvement.

As a major energy importer, diaspora host, and aspiring strategic actor in the region, India has suffered significant economic and human security consequences from a war it had no role in starting and limited ability to influence. The crisis has exposed persistent vulnerabilities in India’s energy infrastructure, strategic reserves, and diplomatic positioning. At the same time, India’s agile crisis response—including naval deployments under Operation Sankalp, resumption of Iranian energy imports, and continued investment in alternative corridors such as Chabahar and INSTC—demonstrates adaptive capacity that may serve as the foundation for more resilient policies going forward.

The nuclear dimension of the conflict remains unresolved and deeply troubling. With the JCPOA expired and Iran's 60 per cent enriched uranium stockpile unverified, the region faces the prospect of nuclear proliferation—a development that would fundamentally alter deterrence dynamics and raise the stakes of any future confrontation.

10.10 Policy Recommendations

Based on the foregoing analysis, the following policy recommendations are advanced for Indian strategic planners and policymakers:

10.10.1 Enhance Strategic Petroleum Reserves

India should accelerate the expansion of its strategic petroleum reserves from the current 20–25-day buffer to a minimum of 60–90 days of import cover, comparable to international standards and China's capacity. This should be complemented by regional storage arrangements with Gulf partners, enabling prepositioning of supplies outside Hormuz.

10.10.2 Pursue Multi-Dimensional Energy Diversification

While the resumption of Iranian imports provides short-term relief, India should deepen supply relationships with non-Hormuz sources, including the United States, Brazil, Guyana, and West African producers. Long-term contracts should incorporate destination flexibility clauses enabling rerouting in crisis conditions.

10.10.3 Accelerate INSTC and Chabahar Development

Despite US sanctions pressures, India should pursue a dual-track approach to Chabahar: continue legal and diplomatic engagement with the US to secure exemptions for legitimate trade and infrastructure development, while simultaneously accelerating the project's operationalisation. The Eastern Corridor of the INSTC should be

prioritised as a strategic hedge against Suez Canal and Hormuz vulnerabilities.

10.10.4 Strengthen Naval Presence and Regional Maritime Partnerships

Operation Sankalp should be institutionalised as a standing deployment rather than a crisis response. India should expand naval cooperation with Oman (utilising Duqm port facilities), the UAE, and Saudi Arabia, while maintaining independent escort capabilities. Joint exercises and information-sharing arrangements should be deepened with both Gulf states and Western naval missions (including EUNAVFOR Aspides) to ensure interoperability in chokepoint security operations.

10.10.5 Develop a Coherent Diplomatic Strategy for the Crisis

India should move beyond reactive crisis management to articulate a clear diplomatic position on the conflict. This should include public support for de-escalation, renewed IAEA verification of Iran's nuclear programme, and the resumption of diplomatic channels. India should leverage its unique relationships with all major parties—including Iran, Israel, Saudi Arabia, and the US—to position itself as a credible mediator and stabilising actor in the region.

10.10.6 Invest in Energy Transition and Domestic Production

The long-term solution to import dependency lies in accelerating domestic renewable energy deployment, expanding nuclear power capacity, and promoting energy efficiency. The 2026 Hormuz crisis should serve as a catalyst for India's energy transition, reducing the strategic vulnerability inherent in fossil fuel import dependence.

10.10.7 Establish a Dedicated Crisis Coordination Mechanism

A permanent inter-ministerial task force on Middle East energy and diaspora security should be established, combining the Ministry of External Affairs, Ministry of Petroleum, Ministry of Shipping, Ministry of Finance, and Indian Navy. This mechanism should maintain real-time monitoring of chokepoint conditions, maintain contingency shipping plans, and coordinate diaspora evacuation protocols.

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Chapter 11

Climate Change and the New World Order: Lessons from COP30

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11.1 Introduction

In the 21st century, climate change has become one of the major challenges facing the world. While it was once seen primarily as an environmental issue, it is now connected with politics, economics, and strategic decision-making. Along with its impact on temperatures or extreme weather, climate change increasingly affects power relations, responsibilities, and mechanisms for international cooperation. Thus, it is playing a central role in what scholars describe as the evolving "new world order." The term "new world order" generally refers to changes in global power arrangements and patterns of international relations. Historically, a nation's influence was determined by its military capabilities and economic strength. In recent years, however, climate action has become a significant measure of global leadership. Countries that adopt ambitious climate policies, invest in green technologies, and actively engage in international climate negotiations are gaining prominence in the geopolitical landscape (Keohane & Victor, 2016). This

underscores how climate governance is now a key aspect of international relations. International climate efforts are primarily coordinated through agreements and conferences under the United Nations Framework Convention on Climate Change (UNFCCC). Among these, the Paris Agreement (2015) is significant, which unites nearly all nations for the goal of limiting global warming. Yet, implementation challenges remain, particularly regarding finance, fairness, and the equitable distribution of responsibilities between developed and developing countries (UNFCCC, 2015). Against this backdrop, COP30, the 30th session of the UN Climate Change Conference held in Belém, Brazil, in November 2025, provides an important perspective to understand contemporary global climate politics. The summit highlighted ongoing tensions between the Global North and South, especially on climate finance and responsibility. Developed nations, with historically higher emissions, are expected to lead mitigation efforts, while developing countries advocate for support to meet both their development and adaptation needs (Roberts & Parks, 2007). At the same time, emerging economies like India are continuously presenting themselves in climate negotiations. India is trying to balance its national development priorities along with taking responsible actions to lead climate change mitigation initiatives.

This study investigates how climate change from the perspective of COP30 is reshaping global political structures and inter-state relations. It focuses on critical themes such as power relations among nations, even distribution of resources, and international cooperation over environmental summits. By studying these developments, the paper tries to show that climate change has moved beyond being just an environmental issue to becoming a central driver of 21st-century geopolitics.

11.2 Climate Change and Global Politics

Climate change has moved beyond just a scientific and environmental issue to a central force in global politics. Today, it is not limited to issues about environmental protection, it is also connected to questions of economic power, financial interests, and national security. Decisions such as moving away from fossil fuels involve not only reducing emissions but also restructuring national economies and redefining international relationships. A major factor behind this transformation is the unequal distribution of both responsibility and impact. Industrialized nations have historically been the largest contributors to greenhouse gas emissions, whereas developing countries often experience the most severe consequences. This disparity has elevated climate change into a contentious political issue, particularly in debates over accountability and the fair allocation of responsibilities (Roberts & Parks, 2007).

11.2.1 Climate Change as “High Politics”: In classical international relations theory, “high politics” refers to issues of war, peace, and national security. More significantly, climate change is being incorporated into this category. In 2026, the UN Secretary-General highlighted renewable energy as a critical pathway to strengthening national security (UN News, 2026). Greater reliance on domestic renewable resources can reduce risk of volatile energy markets and geopolitical tensions, including conflicts that disrupt global oil supplies as happening currently due to US Iran conflict. In this context, climate diplomacy has become a strategic way through which states pursue both security and influence within the emerging green economy.

11.2.2 Power and Diplomacy in the Green Transition: In the contemporary era, a country’s global standing is increasingly linked to its capacity to lead the transition towards sustainable energy systems. As noted by the UNFCCC, advances in monitoring technologies such as

satellite data and artificial intelligence have ushered in a period of heightened transparency, where states are more directly accountable for their climate actions (UNFCCC 2026).

11.2.3 Global Governance and Collective Responsibility: Global governance is a system through which international actors cooperate to address challenges that go beyond national boundaries. Discussions at the IPCC's 64th Plenary Session in 2026 show that, although the scientific basis of climate change is well established, policy responses remain shaped by political considerations (IPCC, 2026). There is also a noticeable transition from centralized, top-down governance models towards more decentralized or polycentric systems. In this evolving framework, subnational governments, private sector actors, and regional coalitions such as BRICS+ play an increasingly influential role alongside nation-states in shaping climate policy.

11.3 Conceptualizing the New World Order

The phrase “new world order” is widely used to describe evolving power configurations and changing patterns in international relations. Historically, the international system was largely defined by the military capabilities, economic strength, and political dominance of a few powerful states. In the contemporary era, however, additional factors, particularly climate change, technological advancement, and sustainability, are increasingly shaping how power is distributed and exercised (Acharya, 2014). For much of the post-World War II period, global politics was characterised by either bipolarity or unipolarity. That time power was concentrated among the United States and its Western allies. By 2026, this structure has undergone a significant transformation, with the global “centre of gravity” shifting towards a more diffused arrangement. One of the most visible features of this transition is the redistribution of

influence away from traditional Western groupings such as the G7 towards a broader set of actors. Emerging economies and regional blocs including India, China, Brazil, and the African Union now play a more prominent role, reflecting the rise of a multipolar international system.

This transformation is also reflected in how power itself is defined. According to the Lowy Institute's 2026 Global Power Index, influence is increasingly associated with control over green technologies and access to critical resources such as rare minerals, rather than solely military strength (Lowy Institute, 2026). From theoretical perspectives, in realist point of view, states continue to prioritise their national interests, which is evident in disputes over climate finance, emissions reductions, and resource allocation (Morgenthau, 1948). In contrast, liberal approaches emphasise the role of international institutions and cooperative frameworks in addressing shared challenges. Mechanisms established under global agreements demonstrate that, despite competition, collaboration remains both possible and necessary (Keohane, 1984). Another important perspective is ecologism; it advocates placing ecological sustainability and environmental balance at the core of political decision-making. From this point of view, a redefined global order should be grounded in principles of fairness, justice, and sustainability rather than dominance and exploitation (Dobson, 2007). In this emerging context, climate considerations increasingly influence a wide range of international decisions. The World Economic Forum (2026) highlights the growing importance of "climate clubs," where groups of countries align around shared environmental standards, sometimes operating alongside or outside traditional institutions such as the World Trade Organisation. Overall, the new world order influenced by climate change shows a move away from traditional measures of power. It is now more complex, interconnected, and focused on environmental responsibility.

11.4 Overview of COP30

The 30th Conference of the Parties (COP30) to the United Nations Framework Convention on Climate Change (UNFCCC) was held from 10 to 21 November 2025 at the Hangar Convention Centre in Belém, Brazil. As a major milestone in global climate governance, the conference was often referred to as the “Amazonian COP” due to its location near the Amazon rainforest, one of the most vital carbon sinks on the planet. A central objective of COP30 was to advance efforts to keep the Paris Agreement’s 1.5°C temperature target within reach (The 1.5°C target refers to limiting global warming to 1.5°C above pre-industrial levels to reduce the worst impacts of climate change). The conference marked the first instance in which countries were expected to submit updated Nationally Determined Contributions (NDCs) extending to 2035. Under Brazil’s leadership, the summit emphasised the idea of a “Global Mutirão,” or collective effort, aimed at fostering trust and cooperation between developed and developing nations.

The conference brought together representatives from nearly all countries to deliberate on key issues, including climate finance, mitigation, adaptation, and sustainable development. A major focus of the discussions was the transition from setting targets to ensuring their effective implementation. Despite existing commitments, the United Nations Environment Programme (UNEP, 2025) indicates that current NDCs remain inadequate, with projected global temperature increases ranging between 2.4°C and 2.6°C by the end of the century. In response, several countries have strengthened their domestic climate policies. For example, the European Union continues to pursue its European Green Deal with the aim of achieving climate neutrality by 2050, while India has committed to reaching 500 GW of non-fossil fuel energy capacity by 2030.

Climate finance emerged as one of the most contentious issues at COP30. Although developed countries had pledged to mobilize \$100 billion annually, OECD reports (2023) suggest that this target has not been consistently met. Furthermore, estimates indicate that developing nations may require more than \$1 trillion per year by 2030 to effectively address climate challenges. While mechanisms such as the Loss and Damage Fund and increased contributions from institutions like the World Bank represent steps forward, they are still not sufficient. Many coastal areas, small island nations are already facing severe climate impacts. Thus, adaptation was another key area of concern. Delegates emphasised the urgency of strengthening support systems in sectors such as agriculture, water management, and disaster preparedness.

According to UNEP's Adaptation Gap Report (2024), developing countries require between \$215 billion and \$387 billion annually, yet current funding levels remain far below this range. In response, initiatives such as India-led Coalition for Disaster Resilient Infrastructure (CDRI) and investments in early warning systems and climate-resilient agricultural practices have gained traction. At the same time, debates over reducing dependence on fossil fuels continued without a clear consensus. The International Energy Agency (IEA, 2025) notes that fossil fuels still account for approximately 80% of global energy consumption, thus indicating the slow pace of transition despite growing investments in renewable energy. One of the significant initiatives at COP30 was The Tropical Forest Forever Facility (TFFF). It is designed to pay countries for keeping their tropical forests standing rather than cutting them down. Wealthy nations and investors contribute to a massive fund, and the interest earned from that money is distributed annually to tropical countries based on how many hectares of forest they successfully preserve. By providing a continuous source of income, the TFFF helps these nations

fund sustainable development and protect the livelihoods of people living in the forest, making it more profitable to protect nature than to destroy it. Nevertheless, observers have noted that COP30 produced limited progress in terms of binding commitments. Disagreements over issues such as fossil fuel phase-out and financial responsibilities highlight the impact of national interests and geopolitical considerations. The final agreement called for an “accelerated transition away from fossil fuels in energy systems,” while allowing flexibility through “nationally determined pathways.” Overall, COP30 helps to understand the current way of global climate governance. These dynamics illustrate how climate change is not only an environmental issue but also a key factor influencing global power relations and the evolution of a new world order.

11.5 Power Politics, North–South Divide and the Emerging Global Order: Insights from COP30

The idea of a “new world order” is no longer theoretical; it is increasingly visible in practice, particularly in the outcomes of COP30. The conference shows how debates over climate responsibility are reshaping global power dynamics, leading the transition from a Western-dominated system to a more diverse, multipolar structure in which developing countries play a significant role.

11.6 Power Politics: Climate as a Strategic Resource

In current international systems, power influence is increasingly linked to climate leverage. This includes control over renewable technologies, access to critical minerals such as lithium and cobalt, and sustainable management of major carbon sinks like the Amazon rainforest. At COP30, climate commitments were integrated into broader geopolitical negotiations. Rather than being framed solely as a moral obligation, decarbonization is increasingly treated as a matter of national interest and

security (Lowy Institute, 2026). This shift highlights how climate policy is integrating with traditional power politics.

11.7 The North–South Divide: Persistent Inequalities

The divide between developed and developing countries remains one of the most significant sources of tension in global climate governance. Industrialized nations have primary historical responsibility for emissions, yet developing countries are often expected to undertake rapid transitions away from fossil fuels. This imbalance continues to fuel demands for fairness, with developing nations calling for greater accountability, financial assistance, and technology transfer from wealthier states (Roberts & Parks, 2007).

11.8 Green Protectionism and Trade Tensions

Another emerging area of conflict involves the intersection of climate policy and international trade. Measures such as the European Union’s Carbon Border Adjustment Mechanism (CBAM) are viewed by many developing countries as barriers that could restrict their industrial growth. From this perspective, climate-related trade policies risk reinforcing existing inequalities, leading to accusations of “green protectionism” (UNCTAD, 2026). These dynamics demonstrate that climate negotiations extend beyond environmental concerns into broader struggles over economic influence and global governance.

11.9 The Rise of the Global South

At COP30, we see the countries such as India and Brazil played leading roles, signalling a transition from passive participation to active agenda-setting. With the expansion of coalitions like BRICS+, these nations now represent a substantial share of the global population and future emissions trajectories. Their coordinated positions at COP30 contributed

to the acceptance of frameworks such as the “Global Mutirão,” which emphasise national autonomy within collective action. India, in particular, has positioned itself as a key intermediary, advocating both climate ambition and developmental priorities (MEA India, 2025).

11.10 Positions of Major Global Actors

The differing approaches of major powers at COP30 underscore the inherently political nature of climate negotiations.

- i. **United States:** The United States did not participate in the conference. This shows a shift towards prioritizing domestic economic and energy considerations. On the other hand, participation of the independent state such as California highlighted internal policy divisions. This approach reflects realist interpretations, where national interests outweigh commitments to multilateral cooperation.
- ii. **China:** China is trying to fill the void created by the United States, presenting itself as a proponent of multilateral climate action, thus trying to strengthen its global leadership role. It supported cooperative initiatives, including international carbon market efforts, while advocating a gradual transition that balances environmental goals with economic stability. Its long-term commitments, such as achieving carbon neutrality by 2060, and continued investment in renewable energy show its strategic use of climate diplomacy.
- iii. **European Union:** The European Union maintained an ambitious stance on emissions reductions and energy transition, consistent with its European Green Deal objectives. At the same time, its cautious approach to climate finance reflects internal economic and political constraints. This dual position illustrates the EU’s

attempt to combine leadership with pragmatism in global negotiations.

Overall, COP30 demonstrates that climate negotiations are defined by a combination of cooperation and competition. These dynamics support the idea that climate change is now a central factor in global power relations, contributing to the formation of an increasingly complex and multipolar world order.

11.11 India's Role in Climate Diplomacy

In recent years, India has established itself as a significant participant in global climate governance. It tries to maintain that developed nations should assume greater responsibility for addressing climate change due to their historical contributions to greenhouse gas emissions. This stance is reflected in India's commitments under the Paris Agreement, particularly its support for the principle of common but differentiated responsibilities (UNFCCC, 2015). Additionally, India has been a strong advocate for enhanced climate finance, echoing the concerns of developing countries and reinforcing its position as a representative voice of the Global South (Roberts & Parks, 2007). India's climate diplomacy is also characterised by its attempt to balance economic development with environmental sustainability. This is evident in its ambitious renewable energy targets, including the goal of achieving 500 GW of non-fossil fuel energy capacity by 2030 as part of its updated Nationally Determined Contributions (Government of India, 2022). At the international level, India has taken leadership through initiatives such as the International Solar Alliance (ISA), established in 2015 in collaboration with France. The ISA seeks to promote solar energy adoption across more than 100 countries, particularly in developing regions. Along with this, India has started initiatives such as the Coalition for Disaster Resilient Infrastructure

(CDRI), which focuses on enhancing climate resilience in vulnerable regions. These initiatives indicate India's role in advancing sustainable energy solutions on a global scale.

Domestically, India has introduced several policy frameworks to support its climate objectives. Programmes such as the National Solar Mission and the National Action Plan on Climate Change (NAPCC) encompass a range of initiatives related to renewable energy, sustainable agriculture, and energy efficiency (Dubash, 2019). These measures illustrate India's efforts to align its internal policies with its international commitments. At COP30, India has consistently emphasised the importance of financial support, technology transfer, and capacity-building for developing countries. It has also supported calls for developed nations to meet their long-standing commitment of mobilizing \$100 billion annually in climate finance, an issue that remains central to global discussions (OECD, 2023). This position reflects India's dual role as both a national actor pursuing its own interests and a spokesperson for broader developing country concerns. Despite these advancements, India faces ongoing challenges in implementing its climate strategy. Balancing developmental priorities with environmental commitments remains complex, particularly in light of concerns related to energy security, economic growth, and social welfare (Dubash, 2019). Nevertheless, India continues to play a proactive role in global climate governance.

11.12 Conclusion

This study has explored the relationship between climate change and the evolving global order, using COP30 as a central point of analysis. The discussion shows that climate change has moved beyond its traditional notion as an environmental issue and now occupies a critical position in shaping global political structures and international relations. The

findings highlight continuous differences between developed and developing countries. While the Global South continues to emphasise climate justice, financial assistance, and acknowledgement of historical responsibility, the response from developed nations remains limited (Roberts & Parks, 2007). This imbalance has contributed to a gap between stated commitments and their actual implementation. Another key outcome of the analysis is the increasing importance of emerging economies, particularly India. Rather than simply aligning with existing frameworks, India has expanded its influence through initiatives such as the International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI). India has strengthened its position as a major representative of developing countries in global climate negotiations. Recent developments in climate finance also point to a broader restructuring of the global economic landscape. There is a significant disagreement over financial responsibility. At the same time, there is a growing tendency among developing countries to explore alternative financial mechanisms, such as institutions like the New Development Bank (NDB), which signals a gradual shift away from traditional Western-dominated financial systems.

Despite increased international attention, several structural challenges continue to hamper effective climate governance. These include the absence of binding commitments, insufficient financial support for developing nations, competing national priorities, the presence of the North–South divide, persistent inequalities between countries, and the limited enforcement capacity of global institutions. Together, these issues indicate that the current system of climate governance is not sufficient. Addressing these challenges requires a more coordinated and equitable approach. Strengthening climate finance mechanisms, following the principle of fairness such as common but differentiated responsibilities,

enhancing multilateral cooperation, along with more participation of developing countries in decision-making process and improving accountability mechanisms will be helpful for achieving meaningful progress. At present, the awareness for the climate change impacts has grown significantly. Especially the younger generation is taking the lead, raising the concerns via social media platforms. Thus, it is high time to move beyond just symbolic theoretical conferences and take some concrete, effective and practical measures to mitigate the consequences of climate change. This requires collective actions, cooperation at both national and international levels, and involvement of both state and non-state actors. This will help achieve the goals of the Paris Agreement, particularly the 1.5°C target, which can further affect the emerging "World Order".

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PART V

STRATEGIC RESOURCES,
MINERAL DIPLOMACY AND
TECHNOLOGY HEGEMONY

Chapter 12

Rare Earth Resources, Mineral Diplomacy, and Technology Hegemony: A Critical Examination of Geopolitical Power in the 21st Century

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12.1 Introduction

Rare earth elements (REEs), a subset of seventeen chemically similar metallic elements including the fifteen lanthanides as well as yttrium and scandium, have gone from being obscure industrial minerals to strategic assets in twenty-first-century technological competition. The unique magnetic, catalytic, and luminous properties of rare earth elements make them essential for technologies that power electric vehicle motors, wind turbine generators, guided missiles, fighter jets' radar systems, and semiconductor manufacturing. Economic historian Adam Tooze points out that if fossil fuels hailed the industrial revolution with the West leading it, clearly the green energy transition is being led by Asia, with China as the global leader (Tooze, 2025). This shift in geography and technology will have far-reaching consequences for global power relations.

The strategic importance of rare earths goes beyond their functional necessity. Chinese control of both the mining and processing of metals

required for the energy transition is extreme, with estimates that China currently dominates over 70% of all rare earth mining and over 80–90% of all refining and processing (Siddiqui, 2025; USGS, 2024). The United States, European Union, Japan, and, of late, India have only just come to realize that these systemic dependencies are fundamental vulnerabilities. The weaponization of these dependencies came into clear focus during the Trump presidency, when during a trade war with China, Beijing suspended rare earth exports to the US, exposing Washington's failure to secure alternative supplies, despite its own ability to mine them at Mountain Pass, California (Siddiqui, 2025b).

This chapter argues that the main means of technological dominance in the current international system is not extraction of raw materials, but control over processing capacity of rare earths. This study questions the normal resource security assessments emphasizing geological endowments. As opposed to that, drawing on dependency theory and geo-economics, the chapter contends that the strategic geography of rare earths has shifted from mines to refineries, fundamentally altering the terms of mineral diplomacy and technology competition.

12.2 Theoretical Framework: Mineral Diplomacy and the Political Economy of Resource Control

12.2.1 Classical and Contemporary Theoretical Perspectives

To understand the geopolitical dimensions of rare earth resources, require a theoretical apparatus that can go beyond resource economics. Three interconnected theoretical traditions provide complementary insights: realism and neo-mercantilism, dependency theory, and geo-economics.

- **Realism and Neo-Mercantilism:** access to resources is seen as a question of national power and state interest by realism and neo-

mercantilism. From this perspective, states ensure their resource security through self-sufficient strategic stockpiling and the projection of power over resources. For Hans Morgenthau's classical realism, access to raw materials is a basic component of national power, while neo-mercantilist approaches emphasise state intervention to induce trade flows favourable to domestic industrial development. Many observers label China as a neo-mercantilist power. The working paper, produced for a World Bank project, positions China's rare earth strategy within the neo-mercantilist logic. It features systematic state support to refining infrastructure, strategic investments abroad through the Belt and Road Initiative, and export controls in the supply of rare earths, all explained as geopolitical tools (Siddiqui, 2019; Siddiqui, 2024b).

- **Dependency theory**, first articulated by André Gunder Frank and subsequently developed by Immanuel Wallerstein's world-systems approach, offers a more critical lens. Dependency theorists assert that the global economy is organized in a hierarchical manner allowing core states to extract resources from peripheral states via unequal exchange. Dr. Kalim Siddiqui states that "mainstream economics takes the supply of raw materials to be taking place through 'normal' commodity exchange in free markets ... But this is just not true. Historical reality is the opposite. The extraction and trade of raw materials have long been a case of colonial domination, coercion, asymmetrical power relations, etc." (Siddiqui, 2018a). Rosa Luxemburg's position that capitalism cannot accumulate capital without continuous access to the outside, and thus that both the demand for rare earths by China and the last century's great power conflict are a necessity for capitalism (Luxemburg, 1919; cited in Siddiqui, 2022).

- **Geo-economics**, theorized by Edward Luttwak and others, studies the compatibility of economic instruments with geopolitical competition. The geo-economic perspective highlights how states mobilize trade, investment, and technology for statecraft, often supplanting traditional military means. China's imposition of export controls on rare earths, the application of the US Defence Production Act pertaining to critical minerals, and the Critical Raw Materials Act of the European Union are geo-economic tactics (Brown, Zhou & Sadan, 2024).

12.2.2 Conceptualizing Mineral Diplomacy

Mineral diplomacy refers to the development of access, investment, and supply chain relationships for resource export. Further, it develops state interests in the international system. It functions in numerous ways:

1. **Coercive Mineral Diplomacy** is when resource dependency is exploited to coerce a concession from an importing state. An example of this is China's rare earth export restrictions during a trade dispute with the United States.
2. Cooperative mineral diplomacy, where multilateral frameworks are built for supply chain diversification and technology sharing (e.g., Minerals Security Partnership, Quad Critical Minerals Initiative).
3. Investing in mineral diplomacy uses state-backed enterprises to support acquiring overseas resource assets like China's Belt and Road Initiative resource partnerships and India's Khanij Bidesh India Limited.
4. **Mineral diplomacy** is most effective depending on the arrangement of the value chain. As the analysis will show, the strategic leverage generated by controlling processing stages is more

significant than the leverage generated from controlling raw extraction, which has theoretical and policy design implications.

12.2.3 The Dilemma of Processing Resources as Power

Traditional approaches to resource power analyse geological endowments: states with ample reserves are assumed to have strategic advantage. The rare earth economy shows a different logic. China possesses roughly 44 percent of the global reserves of rare earths, but it's the dominating role of China in refining and processing (90 percent of global capacity) that gives it leverage. On the other hand, reserve-rich countries such as Brazil (21% of reserves), Vietnam (22%), and Australia (5.7%) are reliant on Chinese processing (Siddiqui, 2025; USGS, 2024). Three theoretical implications are suggested by this paradigm. It states that today's resource power depends more on industrial capacity than geological endowment. It suggests that the entire supply chain power is concentrated in a midstream stage where raw materials are transformed into usable outputs. Moreover, it shows that technological sovereignty not only requires access to resources but also the engineering capacity to process and produce advanced materials. The complex metallurgical processes and advanced separation and purification technologies, which can generate high-purity individual elements, are required to cover the complete value chain from oxide to finished magnet, according to the CUTS International Policy Brief (CUTS, 2025, p. 5).

12.3 Framework for Analysis

The analysis employs theoretically informed thematic analysis (Braun & Clarke, 2006), with coding and interpretation guided by five main themes: mapping reserves, production processing and import dependencies, concentration and vulnerability; identifying instances when states wield weaponization and leverage through resource control;

considering that a countervailing strategy could be diversification of production capabilities away from China; testing the thesis that midstream control is more important than upstream endowments in processing; and evaluating strategic autonomy vs. interdependence against India's policy choices relative to theoretical expectations from realism, dependency, and geo-economics. The analysis within each theme makes comparisons among countries—China, the US, Australia, and India—and across time phases—pre-2010, 2010–2020, and 2020 to the present—to trace continuities and shifts. It is to be noted that there are three limitations. First, the reliance on secondary data suggests that the study may not account for behind-the-scenes negotiations and the like. Another reason is the evolving policy landscape (e.g., reforms in India in March 2025 and export controls in China in April 2025), which would require updates to some findings. Furthermore, the study does not perform formal causal inference (that is, process tracing with Bayesian updating), which would require more disaggregated primary evidence. Yet, the analysis gives a rich interpretive account based on varied data and established theory.

12.4.1 Stocks, Output and Processing: A Geography of Strategic Concentration

The global distribution of rare-earth reserves is highly uneven across countries. However, possessing substantial rare-earth deposits does not, by itself, confer strategic power. The strategic importance of rare earths depends on more than the location of deposits. The ability to mine, separate, refine and convert rare earths into intermediate and finished products is equally important. Therefore, distinguishing between reserves, mine production and downstream processing is essential for understanding the geopolitics of rare-earth supply chains.

**Table 12.1: Global Rare Earth Reserves and Mine Production:
Selected Countries, 2023**

Country	Reserves (metric tonnes REO)	Approx. Share of Global Reserves*	Mine Production, 2023 (metric tonnes REO)
China	44,000,000	40.0%	240,000
Vietnam	22,000,000	20.0%	600
Brazil	21,000,000	19.1%	80
Russia	10,000,000	9.1%	2,600
India	6,900,000	6.3%	2,900
Australia	5,700,000	5.2%	18,000
United States	1,800,000	1.6%	43,000
Greenland	1,500,000	1.4%	—
Canada	830,000	0.8%	—
South Africa	790,000	0.7%	—
World total (rounded)	110,000,000	100%	350,000

Source: U.S. Geological Survey (USGS), Mineral Commodity Summaries 2024, 'Rare Earths'.

Note: Percentages are approximate calculations based on the USGS rounded global reserve total of 110 million metric tonnes. A dash (—) indicates no reported mine production in the USGS 2024 table.

The table demonstrates a significant difference between geological reserves and actual mine production. China held approximately 44 million tonnes of rare-earth reserves. However, China's strategic position cannot be explained by reserves alone. Vietnam and Brazil held approximately 22 million and 21 million tonnes, respectively, yet their reported mine production in 2023 was only 600 tonnes and 80 tonnes, respectively. By contrast, the United States, with approximately 1.8 million tonnes of reserves, produced about 43,000 tonnes in 2023. A major correction concerns Russia. The USGS 2024 dataset reports approximately 10 million tonnes of reserves, rather than the 21 million

tonnes presented in some earlier datasets. Consequently, Russia's approximate share is 9.1%, rather than 19.1%.

The distinction becomes even more significant at the processing and manufacturing stages. For magnet rare earths—neodymium, praseodymium, dysprosium and terbium—the International Energy Agency (IEA) estimates that, in 2024, China accounted for approximately 60% of global mining, 91% of refining and 94% of sintered permanent-magnet production. Therefore, China's strategic position derives not only from its resource base but also from its integrated industrial and downstream capabilities. The earlier figure of 85–90% for global processing capacity should be removed from Table 12.1 because it is not based on the same statistical definition as the USGS reserve and mine-production data. The IEA's 91% figure for refined output provides a more recent and clearly defined indicator of China's downstream position. The United States provides another example of supply-chain dependence. USGS data indicate that US net import reliance for rare-earth compounds and metals exceeded 95% in 2023. However, the frequently cited figure of 72% refers to China's share of US imports of rare-earth compounds and metals during 2019–2022, rather than to US consumption in 2023. These figures therefore represent different indicators and periods and should not be presented as if they refer to the same period.

12.4.2 Supply-Chain Vulnerabilities and Chokepoints

Rare-earth supply-chain vulnerabilities occur across interconnected stages, although the degree of concentration varies considerably between mining, refining and downstream manufacturing.

- **Raw-Material Concentration:** Critical minerals exhibit different geographical patterns of production. In 2024, the Democratic Republic of the Congo accounted for approximately 76% of global

cobalt mine production, while Indonesia accounted for about 10%. Indonesia was also the leading producer of nickel, with approximately 2.2 million tonnes of mine production in 2024 out of a global total of about 3.7 million tonnes.

- **Processing Bottlenecks:** Graphite demonstrates that processing concentration can be greater than mining concentration. The IEA estimates that the three largest graphite-producing countries accounted for approximately 93% of global mining and 99% of global refining in 2024. This indicates a highly concentrated processing structure; however, it does not mean that all global graphite physically passes through Chinese facilities. The earlier statement concerning ‘100% processing’ and the conclusion that all global graphite must pass through Chinese facilities should therefore be removed.
- **Heavy Rare-Earth Concentration:** Dysprosium and terbium are particularly important for high-performance permanent magnets because they improve magnetic performance at elevated temperatures. China has a dominant position in the separation and refining of magnet rare earths, adding to the wider concentration of the downstream supply chain.
- **Magnet Manufacturing:** China's position is particularly strong in permanent-magnet manufacturing. The IEA estimates that China accounted for approximately 94% of global sintered permanent-magnet production in 2024. These neodymium-iron-boron (NdFeB) magnets are used in electric vehicles, wind turbines, industrial motors and various advanced technological and defence applications.

The key point is not that China has an absolute monopoly over every stage of every critical-mineral supply chain. Rather, the combination of high market concentration, technological complexity and limited short-term alternatives can create significant supply-chain chokepoints.

12.4.3 The Asymmetric Structure of Global Supply Chains

The structural asymmetry of the rare-earth supply chain can be understood through a simplified three-tier model:

- **Tier 1 – Raw-Material Extraction:** Rare-earth mining takes place in several parts of the world. Major producers include China, Myanmar, Australia and the United States, while countries such as India and Russia also contribute to global production.
- **Tier 2 – Processing and Refining:** This stage is considerably more concentrated. It involves beneficiation, chemical upgrading, separation into individual oxides and the subsequent conversion of these oxides into metals and other usable forms. China accounted for approximately 91% of global refined output of magnet rare earths in 2024, making this stage a significant potential chokepoint in the global supply chain.
- **Tier 3 – Magnet and Component Manufacturing:** Concentration is even greater at this stage. China accounted for approximately 94% of global sintered permanent-magnet production in 2024.

This structure creates a form of **asymmetric interdependence**. Many countries that possess or can develop rare-earth resources may nevertheless remain dependent on a limited number of countries for the technologically complex processes of separation, refining and magnet manufacturing. China, however, is not completely independent of

international markets. It remains integrated into global trade in mineral feedstocks, technology, equipment, capital and finished goods.

The principal issue, therefore, is not that one country is completely dependent on another, but that certain strategically important stages of the rare-earth supply chain are concentrated in a limited number of locations. For India, this means that expanding domestic mining alone will not eliminate supply-chain vulnerabilities. India would also need to strengthen its capabilities in separation, refining, alloy production and permanent-magnet manufacturing, while developing diversified international partnerships to secure reliable supplies.

12.5 Mineral Diplomacy and Strategic Competition

12.5.1 China's Rare Earth Strategy: From Resource Nationalism to Supply Chain Dominance

China intentionally developed its rare earth dominance through government and commercialization policies, the result of a carefully designed strategy based on industrial policy, state investment, and international collaboration.

- **Phase One (1980s–1990s): Market Capture.** Until March 2025, India had a state-controlled rare earths mining monopoly through Indian Rare Earths Limited (IREL), whereas China opened its rare earth sector to private companies in the 1990s, offering attractive subsidies along with easier regulations and infrastructural support. According to Shashank Shukla, the PRC in the 1990s opened up the rare earth sector to private companies by giving them financial incentives and simplified laws, and support for processing infrastructure, which helped the PRC become the global leader in REE (Shukla, 2026, p. 4).

- **Phase Two (2000s–2010s):** Processing Investment. China invested substantially in refining and separation techniques, gaining intellectual property and establishing indigenous capabilities. China became nearly the sole processor in this phase.
- **Phase Three (2010s–present):** Strategic Weaponization. After the 2010 Sino-Japanese dispute over an island, China suspended rare earth exports to Japan. It was clearly willing to leverage resources for geopolitical ends. Subsequently, export controls were implemented, including Announcement No. 18 of 2025, which imposed controls over samarium, gadolinium, terbium, dysprosium, and other medium-to-heavy rare earth items (Ministry of Commerce, PRC, 2025).
- **Phase Four (Ongoing):** Overseas Asset Acquisition. Through the Belt and Road Initiative, China has acquired financing as well as mining and processing assets around the world, including cobalt in the Democratic Republic of Congo, lithium in Bolivia and Chile, and rare earths in Myanmar. The Chinese have made various investments aimed at these raw materials, creating vertically integrated supply chains and extending their control from mine to magnet.

12.5.2 Countervailing Strategies: The US, EU, and Allied Responses

Advanced economies have acknowledged that dependency on rare earths brings strategic vulnerability. Responses to government policies have evolved on three tracks:

- **Domestic Capacity Building:** The U.S. government has used the Defence Production Act for critical minerals, funded domestic refining, and subsidized recycling. In a bid to bolster the resilience

of America's supply chains, Executive Order 14017 issued by the Biden administration took a whole-of-government approach (Siddiqui, 2025c). The second term of the Trump administration further deepened these attempts, proposing much increased funding in domestic mining and processing (Siddiqui, 2025c).

- **Multilateral Coordination:** The Minerals Security Partnership (MSP) of the US, Australia, Canada, Japan, and EU countries, with 14 countries in parallel, deals with coordination of investment and sharing technology for critical mineral supply chains. India became a member of the MSP in June 2023, joining a coalition for responsible production and diversifying supply chains (CUTS, 2025).
- **Quad Critical Minerals Initiative:** The Quadrilateral Security Dialogue (Quad)—the U.S., India, Japan, and Australia—has identified critical mineral cooperation as a priority, leveraging the rare earth resources of Australia, materials technology of Japan, capital and technology of the US, and market size and location of India. In October 2025, Australia and the US signed an US\$8.5 billion critical minerals deal, showing material commitment (CUTS, 2025: 7).

12.5.3 Africa as a Contested Frontier

Mineral diplomacy has made Africa a key front of contention. The continent contains close to 30% of global reserves of critical minerals, including cobalt (Democratic Republic of Congo), lithium (Zimbabwe, Mali), graphite (Mozambique, Tanzania), and rare earths (South Africa, Malawi, Madagascar). Intense competition among major powers for access exists. No other country has been as active as China, which has made investments under the Belt and Road Initiative that link resource

extraction to infrastructure development. In response, the United States is working on the Lobito Corridor that will help with critical mineral trade through Angola and the Democratic Republic of Congo. Although lesser in volume, India's engagement through bilateral deals and KABIL's asset acquisitions abroad is on the rise (CUTS, 2025, p. 8).

The geostrategic importance of Africa is seen in India's bilateral agreements with mineral-rich countries like Zambia, Mozambique, Zimbabwe, Malawi, and Côte d'Ivoire (Press Information Bureau, 2026; Ministry of Mines, 2025). Nevertheless, India is under competitive strain from China's greater entrenchment and the US's larger financial support.

12.6 Technology Hegemony and Resource Control

12.6.1 Rare Earths as Enablers of Technological Supremacy

The idea of technological hegemony captures how control over critical enabling technologies creates systemic power advantages within the international system. Materials known as rare earths are key components of several technologies:

- **Clean Energy Technologies:** The neodymium and dysprosium metals that are required in clean energy technologies are efficient permanent magnets used in electric vehicle motors and wind turbines. National pledges relating to decarbonization and electric mobility cannot be fulfilled without consistent rare earth supplies. As the IEA (2025) notes, China accounts for between 80 and more than 90% of global capacity in processing and refining those minerals, making it a central player in the supply chains of emerging technologies and energy.
- **Defence Technologies:** Rare earths are also essential in a range of defence systems, including modern fighter aircraft (each F-35

Lightning II uses about 920 pounds of rare earths and takes 2.5 years to assemble), submarines, Tomahawk missiles, radar systems, laser guidance, and advanced communications (Siddiqui, 2025). The Pentagon has stated that rare earth magnets are essential to national security, and any vulnerabilities in the supply chain would present a risk.

- **Electronics and Semiconductors:** Rare earths are used for the manufacture of electronic devices such as those used in display technology, fibre optic cables, capacitors, etc. Yttrium, europium, and terbium are used in colour screens and LED lights. Rare earth compounds are not used in semiconductor fabrication as such but appear in special cases.
- **Artificial Intelligence Infrastructure:** A massive investment in data centre hardware for cooling, power management, and more often controlled with sensors all of which may rely on rare earth-enabled technologies is necessary to meet demand for AI computing. Though less obvious than our dependencies on energy or defence, the AI supply chain is subject to similar concentration risks.

12.6.2 Techno-Nationalism and Supply Chain Weaponization

The rare earth industry is currently experiencing intensified techno-nationalism, which is the combination of technological prowess with national security or great power competition. Through Announcement No. 18 of 2025, China introduced export controls on rare earth magnets which require end-user certification and special export licenses for samarium, gadolinium, terbium, dysprosium, and other medium to heavy rare earths (Ministry of Commerce, PRC, 2025). These measures directly hit the relocation of high-end manufacturing under "China Plus One"

strategies, leading to discouragement for locations like India to emerge as alternative industrial hubs.

The weaponization of supply chains involves a range of mechanisms:

- Direct export restrictions: Limiting export quantities and/or licensing.
- Price volatility: Price fluctuations cause uncertainty which deters long-term investment in downstream industries.
- End-user monitoring: Tracking and limiting materials in sensitive applications based on certification concerns.
- Strategic ambiguity: Keeping vagueness regarding restrictions to maximize the power one has.

The country has been under such pressures directly. China's execution of export controls in April 2025 put at risk "over 21,000 jobs in India's audio electronics segment" as well as prolonged delays for importers (The Economic Times, 2024; cited in Shukla, 2026, p. 2). The Indian government has recognised the problems stemming from "restrictions imposed by some countries on the export of rare earth magnets" and that the Ministry of External Affairs is in touch with stakeholders to mitigate such disruptions (Minister of State Dr. Jitendra Singh, Lok Sabha, 23 July 2025).

12.6.3 The Semiconductor-Rare Earth Nexus

Although rare earths and semiconductors are usually studied in isolation, they are intimately linked. Both supply chains are highly concentrated at particular geographic locations, with China dominant in rare earth processing and Taiwan, South Korea, and China dominant in semiconductor fabrication. Both the export of semiconductors and rare earth materials have been used as weapons in the US-China strategic

competition. The US has imposed export controls on advanced semiconductor equipment. China has restricted rare earth exports. The connection is increasingly direct in advanced packaging, specialty sensors, and power electronics. According to a study, advanced technologies will rely on new geopolitical resources. As AI, quantum computing, and defence system hardware require greater sophistication, the rare earth-semiconductor connection will become a greater dimension of technological competition. India's strategic position, with a budding semiconductor design capability (through the India Semiconductor Mission) and significant rare earth reserves, could exploit this nexus if processing and manufacturing weaknesses are taken care of.

12.7 India's Position in the Emerging World Order

12.7.1 Resource Potential vs. Production Reality

India has a huge reserve of rare earths. As per the AMD Report, the country has about 7.23 million tonnes of in-situ rare earth elements oxide contained in the 13.15 million tonnes of monazite and also 1.29 million tonnes of in-situ REO resources in the hard rocks of Gujarat and Rajasthan (Press Information Bureau, January 29, 2026). The Geological Survey of India (GSI) has discovered 482.6 million tonnes of rare-earth ore resources so far in 34 exploration projects (Press Information Bureau, February 2, 2026). India's production, nonetheless, remains marginal despite this. According to USGS data for the year 2023, India produced around 2,900 metric tons of rare earths, which was less than one percent (USGS, 2024). China's production is 240,000 tons and that of the USA is 43,000 tons. According to the CUTS Policy Brief, "India possesses 11.93 million tonnes of monazite in its beach sands with 55-65 percent rare earth oxides... but contributing less than 1 percent to actual production" (CUTS, 2025, p. 4).

12.7.2 Structural Constraints: Historical Monopoly and Policy Paralysis

India's poor performance is due to structural limitations and not geology. Six factors are particularly important:

- **Historical State Monopoly:** From 1950 till March 2025, a government monopoly was granted to IREL (Indian Rare Earth Limited) on monazite mining, while private exploration was permitted only from then on. As Shukla states, the Government of India established IREL (India) Limited to handle exploration, mining, and processing of important rare-earth minerals, often providing government guarantees. This monopoly continued from 1950 to March 2025 (Shukla, 2026, p. 4). In the 1990s, China opened its domain for private firms.
- **Processing Infrastructure Gaps:** India lacks large-scale private facilities for separation of rare earths. The only existing plants run by IREL are in Tamil Nadu and Kerala, which are small-scale units. Currently, India does not have a private rare earth separation facility on a large scale (Shukla, 2026, p. 9).
- **Bureaucratic Delays:** The process of obtaining licenses, environmental clearances, and land acquisition involves excessive paperwork and long waiting periods—sometimes taking years. "This discouraged private capital from entering the sector" (Shukla, 2026, p. 4).
- **Radioactive Material Regulations:** The Department of Atomic Energy (DAE) regulation is involved because of the presence of thorium in monazite. Safety standards for radioactive handling are very high. This prevents the development of an export-oriented rare earth ecosystem.

- **Demand-Supply Mismatch:** China has a large local demand for rare earths in electronics, EVs, and defence. However, India does not have a large domestic manufacturing base. Private investors do not consider the sector profitable enough.
- **R&D Underinvestment:** "India has spent very little on R&D in this sector. Although institutions like IITs and CSIR labs have made some efforts, there is still no dedicated national research programme" (Shukla, 2026, p. 5).

12.7.3 Recent Policy Initiatives: Towards a National Rare Earth Mission

Recognising these constraints, the Indian government has launched several significant initiatives:

- **Rare Earth Permanent Magnet (REPM) Manufacturing Scheme (November 2025):** The scheme intends to have an integrated REPM manufacturing capacity of 6,000 MTPA with a budgetary allocation of ₹7,280 crore (~USD 877 million). It was launched in November 2025. It specifies sales-linked incentives of ₹6,450 crore over five years and ₹750 crore in capital subsidy for state-of-the-art facilities (Press Information Bureau, 02 February 2026).
- **Dedicated Rare Earth Corridors (Union Budget 2026–27):** The budget proposed the creation of dedicated corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu for the mining, processing, research, and manufacturing of rare earth permanent magnets. The corridors support the existing units of IREL in Odisha (Rare Earth Extraction Plant) and Kerala (Rare Earth Refining Unit at Aluva) (Press Information Bureau, February 02, 2026).

- **National Critical Mineral Mission (NCMM):** The National Critical Mineral Mission (NCMM) was approved in January 2025 to ensure long-term sustainable supply of critical minerals and strengthening of value chains from exploration to recycling. There is a budget provision of ₹1,500 crore for the extraction of critical minerals (from secondary sources like e-waste and lithium-ion battery scrap) over six years (CUTS, 2025, p. 6).
- **Private Sector Liberalization:** From March 2025, the Mines and Minerals (Development and Regulation) Act will be amended to end the 75-year monopoly of IREL over the exploration and mining of rare earths. Private players will be allowed to freely mine and explore in India. This change is consistent with the government's broader push for private participation in strategic sectors.
- **Khanij Bidesh India Limited (KABIL):** A Public Sector Joint Venture of NALCO, HCL, and MECL, was mandated for acquiring overseas critical mineral assets. KABIL has entered into a pact with CAMYEN in Argentina for exploration and mining of five lithium brine blocks (Press Information Bureau, 2nd February 2026; Ministry of Mines, 2025).

12.7.4 Import Dependency and Strategic Vulnerability

In spite of these initiatives, India is highly dependent on Chinese rare earth products. According to government data, India's imports of rare earth permanent magnets from China (volume-wise) were in the range of 85–90 percent during 2022–25, whereas value-wise, they were in the range of 60–80 percent (CUTS, 2025, p. 5). According to the Ministry of Mines (2023, p. 19), India is entirely dependent on imports for several critical minerals, including lithium, cobalt, nickel, niobium, beryllium,

and rhenium. The results that stem from this dependency go beyond economic ones. We should work together to make securer and reliable supply chains for critical minerals and technology. No country should exploit critical minerals or technology resources for its own selfish purpose or use them as a weapon against any other country. PM Modi at the 2025 BRICS summit (cited in CUTS, 2025, p. 5) External Affairs Minister S. Jaishankar has also warned of 'weaponisation of everything' and the need to 'de-risk our exposures and engagements' (CUTS, 2025, p. 5).

12.7.5 India's Mineral Diplomacy: Partnerships and Positioning

India engages with other countries on critical minerals through diverse means:

- **Bilateral Agreements:** The MoM has signed bilateral agreements with Australia, Argentina, Zambia, Mozambique, Peru, Zimbabwe, Malawi, and Côte d'Ivoire. The objective is to secure a long-term supply of rare earths and other critical minerals (Press Information Bureau, February 2, 2026).
- **Multilateral Platforms:** India engages in a number of multilateral platforms including the Minerals Security Partnership (MSP), the Indo-Pacific Economic Framework (IPEF), and the Quad Critical Minerals Initiative. There is cooperation on technology, coordination of investments, and diversification of supply chains.
- **Strategic Technology Partnerships:** Potential for strategic technology partnerships with countries with advanced rare earth separation capabilities, for instance, Australia-based Lynas Corporation, Japan (advanced material capabilities), and the US (recycling and plasma separation technologies). Shukla remarks that India can sign a Technology Transfer MoU with Australia, France, Japan, or the USA, which possess substantial capabilities

in safe REE separation and thorium management (Shukla, 2026, p. 8).

- **The Thorium Opportunity:** India's thorium reserves, a unique strategic asset, can provide a sustainable power source without the risk of nuclear proliferation. India has the world's largest reserves of thorium, unlike rare earths where it is a marginal producer. The development of thorium-based nuclear reactors (Advanced Heavy Water Reactor, AHWR) could create synergies with rare earth extraction, as thorium is a by-product of monazite processing. According to Shukla, setting up a "mine-to-fuel ecosystem" could link rare earth mining, thorium separation, and nuclear energy generation (Shukla, 2026, p. 11).

12.8 Challenges and Opportunities

12.8.1 Environmental and Social Constraints

The process of mining and processing rare earths incurs high environmental costs. The process of refining an ore to obtain a metal uses a lot of water and chemicals. It also generates hazardous waste including radioactive waste. Further, the process disrupts the ecosystem. China's mining of rare earth metals in Baotou and the ion-adsorption clay region in southern China has caused severe environmental degradation including water pollution and soil acidification. India encounters similar difficulties. Handling radioactive materials is vital due to the presence of thorium in monazite sands. Environmental Impact Assessment (EIA) processes have been in place since 1994, resulting in project delays of two to five years (Shukla, 2026, p. 9). Activists also file Public Interest Litigations (PILs) against projects they deem unfit, and that causes delays in the implementation of projects.

The challenges posed by the environment are not just regulatory hurdles; they are a tangible trade-off between resource extraction and resource use. According to Siddiqui, "These effects are not accidental in a capitalist regime, but a consequence of the underlying imperative of capitalism to pursue short-term profit at the expense of the long-term health of the planet" (Siddiqui, 2025, p. 18). To tackle these trade-offs, one needs to have sustainable mining practices, circular economy principles, and transparent regulatory frameworks.

12.8.2 Strategic Autonomy vs. Interdependence

India is in a core strategic dilemma: the exigency in these days of globalisation of strategic autonomy—the power to act independently in economic and security spheres—and the perks of interdependence. Total self-sufficiency in rare earths is neither possible nor preferable; the capital investment for creating full-spectrum domestic capabilities (mining, refining, magnet-making, recycling) would be large, and the technology gap would take many years to close.

Dependence on Chinese supply chains carries geopolitical risks. China has shown it is ready to leverage rare earths for strategic objectives. With US-China competition intensifying, India could find itself on one side or the other. An approach aimed at strategic interdependence rather than full autonomy or chronic dependence is needed. This method would:

- Build domestic processing capabilities for reducing vulnerability at the critical midstream stage.
- Enhance supply source diversification through multiple international partnerships.
- Develop strategic stockpiles for critical minerals.
- Improve recycling capabilities to create a secondary supply source.

- Work within collaborative frameworks (MSP, Quad) to diversify and share risk across partners.

12.8.3 Diversification Prospects: Realistic Pathways

Supply chain diversification is needed but hard to do. China's existing advantages—scale, infrastructure, IP, and government support—cannot be replicated easily. The United States' experience is instructive. Despite rhetoric in several presidential speeches, US domestic refining capacity is limited. Also, the time from mine development to production averages 29 years (Siddiqui, 2025, p. 15).

Realistic diversification pathways for India include:

- **Australian Partnership:** Australia is rich in rare earth reserves estimated at 5.7 million tons. Moreover, it has emerging processing capabilities because of the Mt. Weld mine and Kalgoorlie refinery of Lynas Corporation. Expanding the partnership on critical minerals between Australia and India could yield a reliable supply.
- **Domestic Processing Scale-Up:** India ought to upscale processing from trial to commercial stage. The target of 6,000 MTPA integrated capacity which the REPM scheme is striving towards is tough but necessary. Partnership in technology transfer, private investment, and sustained policy support will be required.
- **Recycling and Urban Mining:** Recycling and urban mining are secondary sources that can provide short-term opportunities. The focus of NCMM on recycling e-waste and battery scrap is strategically correct since recycling does not require the development of new mines and reduces environmental harm.
- **Regional Cooperation:** India might explore regional cooperation with Vietnam (22 percent of global reserves), Brazil (21 percent),

South Africa, and other rare-earth-rich countries. Yet, the binding constraint is processing dependencies; access to the material without a refinement facility has limited leverage.

12.9 Conclusion: Rare Earths and the Future of Global Power

12.9.1 Synthesis of Key Arguments

The current chapter presents the theoretical framework and argues that the main way to exert technological dominance in today's world order is through control over the processing of rare earth materials, rather than simply extracting upper layers of rock which are rare earths. China's overwhelming capacity for refining has not been a result of natural geological attributes, but rather a conscious strategy of the state. As a result, geopolitical competition between countries has been reshaped by asymmetric dependencies. In addition, mineral diplomacy is a new type of diplomacy that takes place at the crossroads of resource economics, industrial policy, and great power rivalry. The competition of the twenty-first century does not manifest solely in military or political domains; it is evident in economic and supply chain manoeuvres that are often violent in character. The weaponization of rare earth supply chains by China and the countervailing efforts by the United States, the EU, and allied nations to build alternative supply chains exemplify this geo-economic logic.

India's position in this contested landscape is both an opportunity and a constraint. Abundant rare earth elements, together with recent policy initiatives like the REPM scheme, rare earth corridors, NCMM, and so on, are likely to put India on the global map strategically. Nonetheless, burdens of history such as a long-term state monopoly, inadequate processing infrastructure, and bureaucratic delays still inhibit actual production. It is important to counter these constraints for India to be able to convert resource potential into strategic power.

12.9.2 The Future of Global Power: Resource Control in the Twenty-First Century

The rare-earth economy illuminates broader transformations in global power. Changing world energy and economic conditions, due in part to the transition from fossil fuels to clean energy technologies, the deepening US-China strategic rivalry, and the spread of artificial intelligence and advanced manufacturing, are reshaping the material basis of state power. The nations that possess critical enabling resources like rare earths, semiconductors, and batteries will disproportionately influence the technological development of the twenty-first century. Nonetheless, merely managing resources is inadequate. The rare-earth episode demonstrates that processing and manufacturing capabilities count more than endowments of raw materials. The supply chain power over lithium, cobalt, graphite, and other critical minerals will be determined by the strategic geography of refining capacity, with broader implications beyond just rare earths. For the Global South, including India, this poses challenges and possibilities. The historical pattern of the extraction of raw materials for processing in advanced economies continues, although new configurations are possible. The nuclear technology capabilities of India, combined with its thorium reserves, have the potential to get a differentiated position in global supply chains. Likewise, partnerships with Australia, Japan, and the US through Quad and MSP may facilitate a more balanced interdependence than conventional core-periphery relations.

12.10 Policy Recommendations for India

The following policy recommendations emerge on the backing of the analysis:

- **Accelerate Processing Capacity Development:** India should use new technology in refining rather than just getting raw material. The target of 6,000 MTPA in the REPM scheme must come with separation and purification milestones, not just a magnet assembly milestone.
- **Facilitate Private Sector Participation:** Ensure that the liberalization of private exploration in March 2025 is accompanied by a seamless licensing, single-window clearance, and fiscal incentive mechanism that de-risks investments. The government should focus on public-private partnerships for processing facilities, based on successes elsewhere.
- **Deepen International Technology Partnerships:** Proactively seek and secure technology transfer agreements with Australia (Lynas), Japan (advanced materials), and the USA (recycling technologies). An appropriate capability currently exists for exploring such co-operation: the Quad Critical Minerals Initiative.
- **Scale Recycling Infrastructure:** The NCMM's focus on secondary sources should be scaled up with e-waste collection targets, battery recycling capacity targets, and recovery from industrial wastes such as fly ash, red mud, and mine tailings. Strategize circular economy approaches to reduce import dependence and environmental issues.
- **Develop Strategic Stockpiles:** India ought to create strategic reserves for minerals for which we have 100 percent import dependence and those that are critical for industrial off-take; lithium, cobalt, nickel, niobium, beryllium, and rare earth magnets, as two more examples. Stockpiling shouldn't be excessive but

should emphasise industrial requirements and geopolitical risk assessment.

- **Integrate Rare Earth and Nuclear Strategies:** Unique opportunities exist with the thorium-rare earth nexus. India must create an integrated mine-to-fuel framework within a broader context which would link monazite processing to the Advanced Heavy Water Reactor (AHWR) programme. The developments must create economic synergies and strategic coherence.
- **Strengthen Multilateral Engagement:** Involvement in the MSP, Quad, and IPEF must be complemented by entering into bilateral agreements with mineral-rich African countries. The Indian growth collaboration method includes capacity building and infrastructure investments which differentiate it from China and the West's approaches.

Rare earth elements are not merely industrial commodities; they are instruments of geopolitical power and enablers of technological civilization. The struggle for control over these resources will shape the contours of twenty-first-century global order—determining which states lead the clean energy transition, which states build advanced defence capabilities, and which states exercise technological sovereignty in an era of artificial intelligence and automation. For India, the stakes are existential. With 7.23 million tonnes of rare earth oxides, the world's largest thorium reserves, and a growing manufacturing base, India possesses the raw materials for strategic advancement. But resources alone are insufficient. The gap between geological potential and industrial capability must be bridged through sustained political commitment, strategic international partnerships, and institutional reforms that unlock private sector dynamism. The present decade represents a pivotal phase

for India's industrial and strategic transformation. As Shukla concludes, "If India moves forward wisely by embracing economic freedom and promoting a spirit of enterprise, these Rare Earth Elements (REEs) can significantly strengthen India's position in the global electronics and clean technology value chain. India can challenge the global status quo and directly confront the PRC's economic dominance in this crucial sector" (Shukla, 2026, p. 11). Whether India seizes this opportunity will depend not on its geological endowment but on the political will to translate resource potential into strategic reality.

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