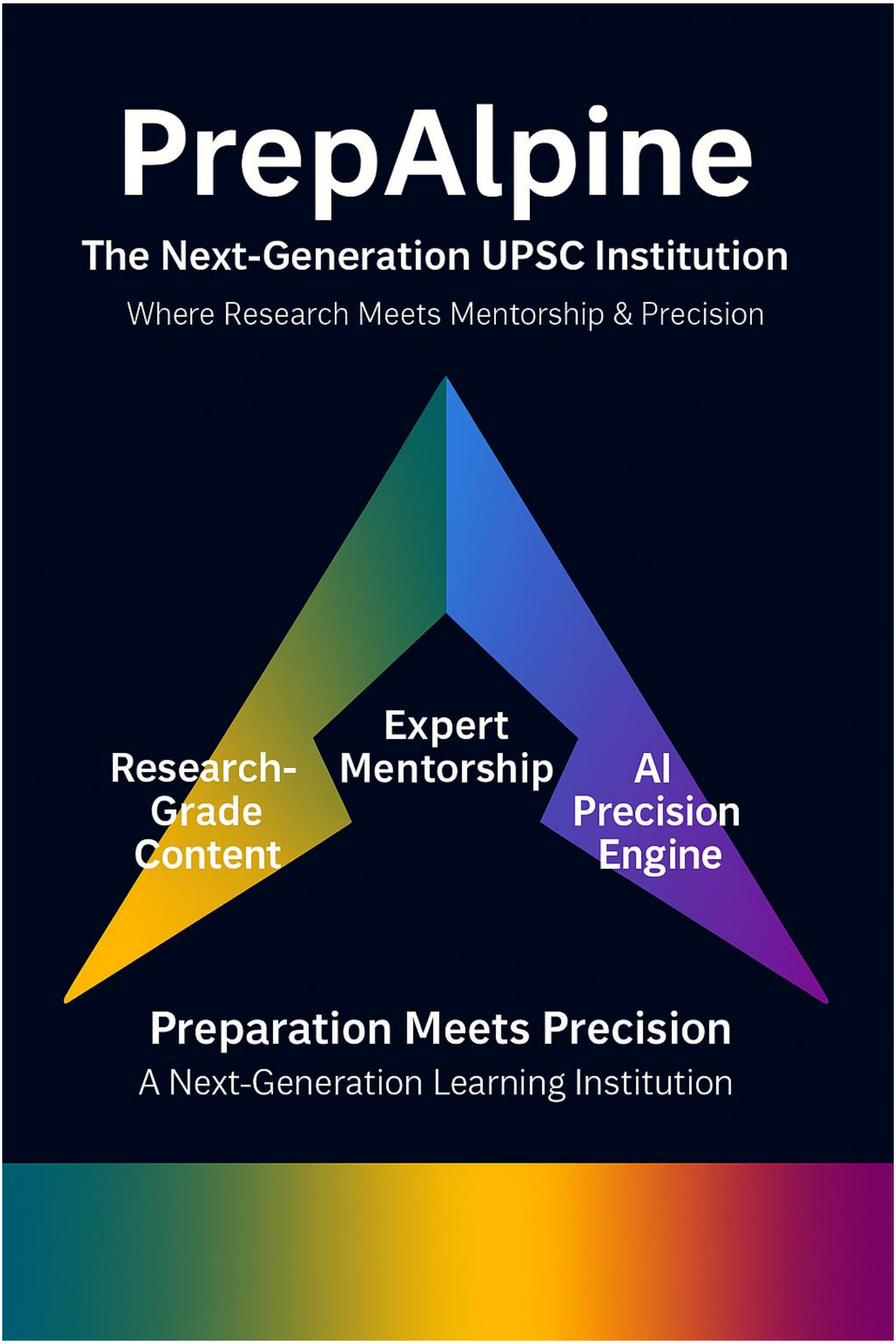
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DAILY CURRENT AFFAIRS DATED 16.05.2026

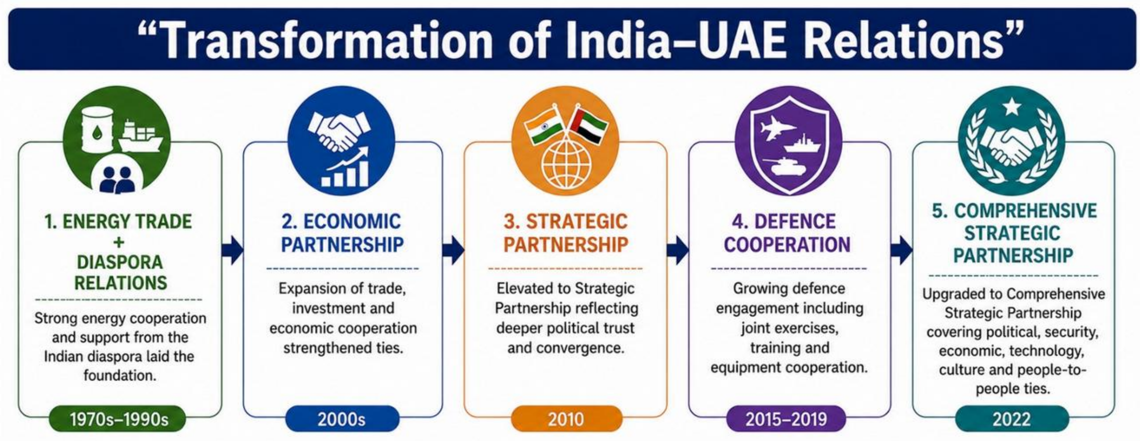
GS Paper II: International Relations

1. India–UAE Strategic Partnership Deepens Amid West Asia Crisis

a. Introduction

Prime Minister Narendra Modi's visit to the United Arab Emirates during a period of heightened tensions in West Asia has reinforced the growing strategic partnership between the two countries. The visit resulted in agreements covering defence cooperation, energy security, infrastructure investment, maritime development, and regional stability.

These developments are particularly significant because the Gulf region remains vital for India's energy security, trade, diaspora interests, and maritime connectivity.



b. Background and Context

India–UAE relations have undergone a remarkable transformation over the last decade. What was once primarily an energy- and diaspora-based relationship has evolved into a Comprehensive Strategic Partnership encompassing defence, investment, technology, logistics, food security, and regional security cooperation.

The partnership has gained greater importance amid changing geopolitical realities in West Asia, disruptions in global supply chains, and growing competition for energy resources.

c. Why the UAE Matters for India

The UAE occupies a unique position in India's foreign policy due to its strategic location, economic strength, and political influence in the Gulf region.

Dimension	Importance for India
Energy Security	Major supplier of crude oil and Liquefied Petroleum Gas
Trade	One of India's largest trading partners
Diaspora	Around 3.5 million Indians live and work in the UAE
Investment	Important source of sovereign wealth and foreign investment

Maritime Security	Located near crucial Sea Lines of Communication (SLOCs)
Defence Cooperation	Partner in counter-terrorism and maritime security

The UAE also serves as an important gateway connecting India with West Asia, Africa, and Europe.

Strategic Importance of the UAE

- Acts as India's economic hub in the Gulf region.
- Provides critical support for India's energy security.
- Serves as a major destination for Indian workers and remittances.
- Functions as a logistics and connectivity bridge linking Asia, Africa, and Europe.
- Supports India's growing role in the Indian Ocean Region (IOR).

The growing strategic importance of the UAE is reflected in the substantive outcomes achieved during the Prime Minister's visit, which expand cooperation across defence, energy, investment, and maritime sectors.

d. Major Outcomes of the Visit

i. Strategic Defence Partnership Framework

India and the UAE agreed to establish a Strategic Defence Partnership Framework that broadens bilateral cooperation beyond traditional economic ties.

Areas of cooperation include:

- Defence manufacturing.
- Military training and capacity building.
- Maritime security.
- Counter-terrorism operations.
- Intelligence sharing.
- Defence technology collaboration.

Significance

- Reflects growing convergence of strategic interests.
- Institutionalises security cooperation beyond transactional engagement.
- Supports defence indigenisation under the Make in India initiative.
- Strengthens maritime security in the Arabian Sea and western Indian Ocean.
- Enhances India's ability to secure critical sea lanes.

ii. UAE Participation in India's Strategic Petroleum Reserves

- The UAE will store approximately 30 million barrels of crude oil in India's Strategic Petroleum Reserves (SPR).

Understanding Strategic Petroleum Reserves

- Strategic Petroleum Reserves are emergency stockpiles of crude oil maintained by governments to safeguard against supply disruptions arising from wars, geopolitical crises, natural disasters, or sudden market shocks.

Existing SPR Facilities in India

India's Phase-I facilities are located at:

- Visakhapatnam.

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- Mangaluru.
- Padur.

Additional storage facilities are being developed under Phase-II expansion.

Significance

The agreement enhances India's ability to withstand:

- Supply disruptions.
- Regional conflicts.
- Sudden spikes in oil prices.
- Maritime transport interruptions.

iii. Long-Term LPG Supply Agreement

Key Features

- The two countries concluded an agreement aimed at ensuring reliable supplies of Liquefied Petroleum Gas (LPG).

Importance

The agreement contributes to:

- Stable fuel availability.
- Reduced supply uncertainty.
- Support for clean energy transitions.
- Strengthening household energy security.

Linkage with Welfare Policies

- The agreement complements the Pradhan Mantri Ujjwala Yojana and contributes towards achieving Sustainable Development Goal 7.

iv. Development of a Ship Repair Cluster at Vadinar

Proposed Initiative

- The UAE will participate in the development of a ship repair and maritime services cluster at Vadinar.

Significance

The project is expected to:

- Promote maritime industrialisation.
- Generate employment opportunities.
- Strengthen domestic ship repair capabilities
- Reduce dependence on foreign repair facilities.
- Enhance India's Blue Economy.

The initiative aligns with the objectives of the Maritime India Vision 2030.

v. UAE Investment Commitments

Investment Pledge

- The UAE announced investment commitments of approximately USD 5 billion in India.

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Economic Importance

These investments are expected to support:

- Infrastructure development.
- Financial institutions.
- Logistics projects.
- Long-term capital formation.
- Renewable energy expansion.

Sovereign wealth funds from the UAE have emerged as important sources of patient capital for India's infrastructure sector.

e. Strait of Hormuz: Why It Matters

i. Location and Geography

The Strait of Hormuz connects:

- The Persian Gulf.
- The Gulf of Oman.
- The Arabian Sea.

It serves as the principal maritime gateway for Gulf energy exports.

ii. Global Importance

Indicator	Significance
Oil Trade	Approximately one-fifth of global oil trade passes through it
LNG Exports	Major route for global LNG shipments
Gulf Economies	Essential export corridor for energy-producing states

iii. Why It Is a Global Chokepoint

- Central artery of global energy trade.
- Critical route for Gulf hydrocarbon exports
- Strategic location influencing global energy prices.
- Highly sensitive to geopolitical tensions.

iv. Relevance for India

A significant proportion of India's crude oil and LNG imports transit through the Strait of Hormuz.

Consequences of Disruption

- Higher crude oil prices.
- Rising inflation.
- Increased Current Account Deficit (CAD).
- Pressure on foreign exchange reserves.
- Slower economic growth.

Thus, freedom of navigation in this region directly affects India's economic and energy security.

The strategic importance of the Strait of Hormuz explains why India increasingly views its partnership with the UAE through a broader geopolitical and security lens rather than a purely economic one.

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f. Strategic Significance for India

Strengthening Energy Security

- Enhances preparedness against geopolitical shocks.
- Improves resilience against supply disruptions.
- Strengthens energy diversification efforts.
- Supports uninterrupted access to affordable energy resources.

Reinforcing Strategic Autonomy

India has successfully maintained constructive relations with:

- United Arab Emirates
- Saudi Arabia
- Iran
- Israel

This reflects India's policy of strategic autonomy and issue-based partnerships.

Expanding Defence Cooperation

- Enhanced Maritime Domain Awareness.
- Stronger counter-terrorism cooperation.
- Improved intelligence sharing.
- Defence industrial collaboration.
- Greater security of Sea Lines of Communication.

Economic and Infrastructure Benefits

- Infrastructure financing.
- Logistics development.
- Industrial expansion.
- Urban modernisation.
- Renewable energy projects.

These investments are particularly valuable because they represent relatively stable long-term capital.

Despite the growing strategic convergence, several regional and structural challenges continue to shape the trajectory of India–UAE cooperation.

g. Challenges and Constraints

Regional Instability

- Iran–Gulf tensions.
- Maritime security threats.
- Energy supply disruptions.
- Escalation of regional conflicts.

Continued Energy Dependence

- Heavy dependence on imported hydrocarbons.
- Exposure to global oil price volatility.
- Sensitivity to disruptions in maritime trade routes.

Diplomatic Balancing

- India must carefully balance relations among competing regional actors while safeguarding its economic and strategic interests.

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- The contemporary partnership represents a significant departure from the nature of India–UAE relations witnessed in earlier decades.

h. Way Forward

i. Strengthening a Future-Oriented Partnership

India should continue deepening cooperation with the UAE in energy, defence, technology, logistics, maritime infrastructure, and investment.

Priority Areas

- Expansion of Strategic Petroleum Reserves.
- Diversification of hydrocarbon import sources.
- Accelerated renewable energy deployment.
- Strengthening maritime security capabilities.
- Enhancing logistics and port connectivity.
- Expanding defence-industrial collaboration.
- Promoting digital and technology partnerships.

ii. Leveraging Emerging Frameworks

Greater collaboration under the I2U2 can strengthen:

- Regional connectivity.
- Food security.
- Technology cooperation.
- Investment flows.

A stable and prosperous Gulf region remains indispensable for India's energy security, economic growth, and strategic interests. Consequently, the India–UAE partnership is likely to remain one of the most important pillars of India's West Asia policy in the coming decades.

Conclusion

The deepening India–UAE strategic partnership reflects the growing convergence of economic, energy, security, and geopolitical interests between the two countries. As West Asia navigates a period of heightened uncertainty, cooperation in energy security, defence, maritime connectivity, infrastructure investment, and regional stability has acquired greater strategic significance.

The outcomes of the Prime Minister's visit demonstrate the evolution of bilateral ties from a largely trade- and diaspora-based relationship to a comprehensive strategic partnership. By strengthening collaboration through frameworks such as I2U2, Strategic Petroleum Reserves, defence-industrial cooperation, and connectivity initiatives, India and the UAE can contribute to a more secure, resilient, and prosperous regional order while advancing their shared developmental and strategic objectives.

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GS Paper II: International Relations

2. Trade, Supply Chains and Economic Statecraft: India's Role in the Emerging Global Order

a. Introduction

The international economic landscape is undergoing a profound transformation. Trade wars, semiconductor export restrictions, competition over critical minerals, supply-chain disruptions, and technological rivalries have increasingly blurred the distinction between economics and geopolitics.

Nations are now employing trade, finance, technology, investment, and supply chains as instruments of strategic influence, making economic diplomacy a central component of foreign policy. For India, this emerging geoeconomic order presents both historic opportunities and significant strategic challenges.

b. Background and Context

The post-Cold War era was characterised by expanding globalisation, where economic efficiency, open markets, and free trade were viewed as the principal drivers of prosperity. The prevailing assumption was that deeper economic interdependence would reduce conflict and foster cooperation among nations.

However, developments such as the COVID-19 pandemic, geopolitical conflicts, technology restrictions, and supply-chain disruptions have highlighted the risks associated with excessive economic dependence.

As a result, countries increasingly prioritise resilience, security, and strategic autonomy alongside efficiency and growth. This transition has given rise to the concept of Geoeconomics, where economic tools are consciously deployed to achieve geopolitical objectives.

Emerging Characteristics of the New Economic Order

- Economics and geopolitics are increasingly intertwined.
- Supply chains are viewed as strategic assets.
- Technology has become a critical instrument of power.
- National security considerations increasingly shape trade policies.
- Economic resilience is gaining importance alongside efficiency.

The rise of geoeconomics reflects a broader transformation in the global economic system, where traditional assumptions regarding trade and interdependence are being reassessed.

c. The Shift from Globalisation to Geoeconomics

Historically, economics and geopolitics were treated as separate domains. Economics focused on growth and efficiency, whereas geopolitics centred on power, security, and strategic competition.

Today, these spheres have become deeply interconnected.

Earlier Globalisation Model	Emerging Geoeconomic Model
Trade agreements for market access	Trade partnerships for strategic influence
Supply chains driven by efficiency	Supply chains viewed as national security assets
Technology cooperation for innovation	Technology partnerships for strategic advantage
Investment based on commercial returns	Investment as an instrument of influence
Energy trade as a commercial activity	Energy as geopolitical leverage

Drivers of the Shift

- COVID-19-induced supply-chain disruptions.
- Intensifying strategic competition among major powers.
- Growing importance of advanced technologies.

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- Concerns regarding overdependence on single suppliers.
- Rising emphasis on economic resilience and national security.

As geoeconomic competition intensifies, trade and technology are increasingly being used as tools of strategic influence rather than merely instruments of economic exchange.

d. Trade as an Instrument of Strategic Power

i. Decline of the Traditional Free Trade Consensus

- The earlier assumption that increased trade automatically promotes peace and cooperation has weakened considerably.
- Countries increasingly use economic measures to pursue strategic objectives.

ii. Tariff-Based Competition

Governments impose tariffs not merely for revenue generation but also to:

- Protect domestic industries.
- Promote industrial policy objectives.
- Reduce strategic dependencies.
- Exert pressure on trading partners.

iii. Export Controls and Technology Restrictions

Advanced technologies have emerged as critical strategic assets.

Examples include restrictions relating to:

- Semiconductors.
- Artificial Intelligence.
- Quantum computing.
- Dual-use technologies with military applications.

Significance

- Preserves technological advantages.
- Restricts competitors' capabilities.
- Protects national security interests.

iv. Competition for Critical Minerals

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The global energy transition has increased the strategic significance of:

- Lithium.
- Cobalt.
- Nickel.
- Graphite.
- Rare Earth Elements.

Control over these resources increasingly translates into geopolitical influence.

v. Energy as a Strategic Tool

Energy exports, transit routes, and supply chains are now closely linked with broader geopolitical calculations.

Dependence on external energy sources can expose countries to:

- Economic coercion.
- Supply disruptions.
- Strategic vulnerabilities.

The growing use of economic instruments for strategic purposes has contributed to the phenomenon known as the weaponisation of interdependence.

e. Weaponisation of Interdependence

i. Meaning and Significance

- Weaponisation of interdependence refers to the deliberate use of economic networks and dependencies to influence the behaviour of other states.
- Economic interdependence, once viewed primarily as a source of mutual benefit, can also become a source of vulnerability.

ii. Major Instruments of Economic Coercion

Instrument	Strategic Objective
Trade Restrictions	Political pressure
Export Controls	Technology denial
Financial Sanctions	Economic coercion
Energy Supplies	Strategic leverage
Critical Minerals	Supply-chain disruption

Consequences

- Increased focus on economic resilience.
- Diversification of supply chains.
- Growth of friend-shoring strategies.
- Expansion of strategic reserves.
- Greater emphasis on economic security.

Against this backdrop, countries capable of offering resilient markets, trusted partnerships, and diversified supply chains have acquired greater strategic importance, enhancing India's relevance in the emerging global order.

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f. Why India Matters in the Emerging Global Order

i. Alternative Manufacturing Destination

Many multinational corporations and governments are pursuing diversification strategies to reduce excessive dependence on a single production centre.

India's Competitive Advantages

- Large domestic market.
- Demographic dividend.
- Democratic political system.
- Expanding industrial base
- Improving infrastructure.
- Competitive labour force.

Supporting Government Initiatives

- Make in India
- Production Linked Incentive Scheme
- PM Gati Shakti
- National Logistics Policy

These initiatives aim to strengthen India's manufacturing ecosystem and integration into Global Value Chains (GVCs).

ii. Digital Public Infrastructure

India's Digital Public Infrastructure (DPI) has emerged as a globally recognised governance model.

Major Components

- Aadhaar
- Unified Payments Interface (UPI)
- DigiLocker
- CoWIN

Strategic Importance

- Enhances governance efficiency.
- Promotes financial inclusion.
- Strengthens digital diplomacy.
- Expands India's soft power.
- Creates new avenues for development cooperation.

iii. Strategic Autonomy Through Multi-Alignment

India maintains productive relations with multiple centres of power, including:

- United States
- European Union
- Russia
- Japan
- Association of Southeast Asian Nations (ASEAN)
- Gulf and African partners.

This diversified engagement strengthens India's strategic autonomy and reduces dependence on any single bloc.

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India's growing importance is also linked to the increasing strategic value of global supply chains, which have become key determinants of economic and geopolitical power.

g. Supply Chains as Instruments of Power

Sector	Strategic Importance
Semiconductors	Foundation of digital economy and defence systems
Critical Minerals	Essential for batteries, EVs and electronics
Pharmaceuticals	Health security and medical resilience
Telecommunications	Digital sovereignty and connectivity
Energy	Economic stability and industrial growth
Defence Manufacturing	National security and strategic independence

Why Supply Chains Matter

- Determine industrial competitiveness.
- Influence technological leadership.
- Affect military capabilities.
- Enhance economic resilience.
- Shape geopolitical influence.

Recognising the strategic significance of supply chains, India increasingly employs economic statecraft to secure critical technologies, resources, and partnerships.

h. India's Economic Statecraft

i. Semiconductor Partnerships

India is actively promoting:

- Semiconductor fabrication facilities.
- Chip design ecosystems.
- Electronics manufacturing.
- Trusted technology partnerships.

Expected Benefits

- Reduced technological dependence.
- Integration into global semiconductor value chains.
- Strengthened technological sovereignty.
- Enhanced industrial competitiveness.

ii. Critical Mineral Diplomacy

India is strengthening resource partnerships with:

- Australia

- African countries.
- Latin American countries.

Objectives

- Secure reliable mineral supplies.
- Support clean energy transition.
- Strengthen manufacturing competitiveness.
- Reduce strategic vulnerabilities.

iii. Defence Industrial Cooperation

India increasingly emphasises:

- Co-development.
- Co-production.
- Technology transfer.
- Indigenous manufacturing.

Strategic Significance

- Enhances defence preparedness.
- Promotes technological self-reliance.
- Strengthens industrial capabilities.
- Supports national security objectives.

iv. Exporting Digital Public Infrastructure

India's sharing of digital governance solutions has emerged as a distinctive form of economic diplomacy.

Benefits

- Capacity building.
- Development cooperation.
- Soft power enhancement.
- Stronger economic partnerships.

Despite significant opportunities, several structural challenges must be addressed if India is to fully leverage economic statecraft.

i. Challenges Before India

Infrastructure Constraints

- Logistics efficiency.
- Port infrastructure.
- Warehousing capacity.
- Multi-modal connectivity.

Addressing these gaps is essential for deeper integration into global value chains.

Investor Expectations

- Predictable taxation.
- Stable regulations.
- Faster approvals.

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- Reduced compliance burdens.

Regulatory reforms remain crucial for improving competitiveness.

Skill Development Requirements

- Technical education.
- Vocational training.
- Workforce productivity.
- Industry-academia collaboration.

Technological Dependence

- High-end semiconductors.
- Precision manufacturing equipment.
- Advanced defence technologies.

Reducing these dependencies requires sustained investment in research and development.

Critical Mineral Vulnerabilities

- Import dependence.
- Supply concentration.
- Price volatility.
- Geopolitical disruptions.

Addressing these challenges can significantly enhance India's economic and geopolitical influence in the emerging global order.

j. Significance of Economic Statecraft for India

Economic Benefits

- Higher Foreign Direct Investment inflows.
- Greater export competitiveness.
- Employment generation.
- Technology transfer.
- Industrial upgrading.

Strategic Benefits

- Enhanced strategic autonomy.
- Reduced external vulnerabilities.
- Greater resilience against economic coercion.
- Stronger negotiating position internationally.

Diplomatic Benefits

By becoming an indispensable participant in global supply chains, India can:

- Deepen strategic partnerships.
- Strengthen its leadership role in the Global South.
- Increase influence in global governance institutions.
- Expand development cooperation initiatives.

While economic statecraft creates new opportunities, the evolving geoeconomic order also generates important risks that require careful management.

k. Way Forward

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Strategy of Calibrated Integration

- India's response should be based on a strategy of Calibrated Integration, combining deeper participation in the global economy with enhanced resilience and strategic autonomy.

Strengthening Domestic Competitiveness

- Accelerating infrastructure development.
- Improving logistics efficiency.
- Simplifying regulatory frameworks.
- Enhancing ease of doing business.

Building Resilient Supply Chains

- Diversifying import sources.
- Developing domestic manufacturing capabilities.
- Strengthening strategic reserves.
- Expanding trusted international partnerships.

Advancing Technological Capabilities

- Promoting semiconductor manufacturing.
- Increasing R&D expenditure.
- Supporting innovation ecosystems.
- Encouraging emerging technologies.

Deepening Trade Integration

- Expanding Free Trade Agreements.
- Strengthening engagement with ASEAN, Europe, Africa and the Indo-Pacific.
- Integrating more deeply into Global Value Chains.

Preserving Strategic Autonomy

- Maintaining multi-alignment.
- Avoiding excessive dependence on any bloc.
- Pursuing issue-based partnerships aligned with national interests.

A balanced approach combining openness, resilience, and strategic autonomy can position India as a leading geoeconomic power in the twenty-first century.

Conclusion

The emerging global order is increasingly shaped by economic statecraft, technological competition, and resilient supply chains, making geoeconomics a central pillar of national power. For India, this transition presents a unique opportunity to leverage its large market, demographic advantages, digital capabilities, and strategic autonomy to become a trusted hub for manufacturing, innovation, and global value chains.

However, realising this potential will require sustained reforms in infrastructure, technology, skills, trade integration, and regulatory governance. By pursuing a strategy of calibrated integration—combining openness with resilience and strategic autonomy—India can strengthen its economic security, enhance its global influence, and emerge as a leading geoeconomic power in the twenty-first century.

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While every effort has been made to balance depth with brevity, please keep the following in mind:

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This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

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- paragraphs
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