

# PrepAlpine

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# DAILY CURRENT AFFAIRS DATED 25.02.2026

## GS Paper II: International Relations

### 1. PM Modi's Israel Visit 2026 – Strategic, Economic and Regional Implications

#### a. Introduction: A Visit in a Time of Flux

Prime Minister Narendra Modi's standalone visit to Israel in February 2026 comes at a time of deep uncertainty in West Asia. The Gaza ceasefire remains fragile, tensions between the United States and Iran are rising, and the aftereffects of the 2025 Israel–Iran hostilities continue to influence regional politics. At the same time, new connectivity ideas such as the India–Middle East–Europe Economic Corridor (IMEC) and Israel's proposed "Hexagon of Alliances" are reshaping strategic thinking.

In this context, the visit is not merely symbolic. It reflects the transformation of India–Israel relations into a mature, multidimensional strategic partnership.

#### b. Evolution of India–Israel Relations: From Hesitation to Strategic Depth

India–Israel relations have evolved gradually, shaped by domestic politics, regional sensitivities and changing global realities.

##### i. Early Hesitation and Limited Engagement (1948–1992)

- India recognised Israel in 1950 but did not establish full diplomatic relations for over four decades.
- The delay was influenced by India's support for the Palestinian cause, energy dependence on Arab states, and the presence of a large Indian diaspora in the Gulf region.
- Full diplomatic relations were finally established in 1992, marking a decisive shift towards formal engagement.

This period laid the groundwork for cooperation, but relations remained cautious and largely low-profile.

##### ii. Strategic Convergence (1999–2013)

###### The Kargil Turning Point

- During the 1999 Kargil conflict, Israel supplied precision-guided munitions and critical defence equipment to India.
- This timely support built strategic trust and strengthened defence cooperation.

###### Institutionalisation of High-Level Engagement

- Israeli Prime Minister Ariel Sharon's visit to India in 2003 symbolised deepening political engagement.
- Defence cooperation emerged as the backbone of the relationship.

By this stage, the partnership had moved beyond symbolic diplomacy to practical security cooperation.

##### iii. De-hyphenation and Open Partnership (2014 Onwards)

###### Policy Shift

- India adopted a policy of "de-hyphenation," meaning that its relationship with Israel would not be linked to the Palestinian issue.
- Prime Minister Modi's 2017 standalone visit to Israel symbolised this change.

###### Expanding the Agenda

- Defence vision documents were signed.
- Negotiations on a Free Trade Agreement gained momentum.
- A Bilateral Investment Agreement was signed in 2025.

Thus, India–Israel ties have transitioned from discreet cooperation to visible and diversified strategic engagement.

## Future Principles of India–Israel Engagement



### c. Strategic and Defence Dimension

Defence remains the core pillar of India–Israel relations.

#### i. Counter-terror Cooperation

- Both countries face threats from cross-border terrorism.
- Intelligence sharing and surveillance cooperation have strengthened mutual security.
- Counter-terror training and technological collaboration have enhanced operational capabilities.

#### ii. Advanced Defence Technology

- Barak-8 surface-to-air missile system.
- Unmanned Aerial Vehicles (UAVs).
- Advanced radar and anti-drone systems.
- Possible collaboration on Iron Beam laser-based air defence.

These technologies significantly enhance India's air defence and monitoring capabilities, particularly against drone-based threats.

#### iii. Shift Towards Co-development

- Increasing emphasis on co-development and co-production.
- Alignment with India's Atmanirbhar Bharat initiative.
- Potential for technology transfer and domestic manufacturing growth.

#### iv. Strategic Concerns

- Excessive dependence on Israeli defence imports may create vulnerabilities.
- India must balance its ties with Iran, especially regarding energy security and Chabahar Port.
- Global scrutiny during the Gaza conflict requires diplomatic sensitivity.

While defence forms the backbone of ties, the partnership today extends well beyond security into economic and technological cooperation.

#### **d. Economic and Technological Cooperation**

Economic relations, though smaller in scale compared to defence, are steadily expanding.

##### **i. Agriculture and Water Management**

###### **Centres of Excellence**

- More than 35 Centres of Excellence across Indian states.
- Focus on crops such as mango, citrus, pomegranate and date palm.
- Introduction of drip irrigation and precision farming.

These initiatives have improved productivity in water-stressed regions.

###### **Water Management Partnerships**

- State-level agreements with Haryana and Rajasthan.
- Adoption of Israeli expertise in water efficiency and recycling.

Such cooperation directly addresses India's developmental challenges.

##### **ii. Trade and Investment**

###### **Current Trade Profile**

- Bilateral trade stands at approximately USD 3.75 billion (FY 2024–25).
- Trade is concentrated in diamonds and chemicals.

###### **Future Prospects**

- Negotiations on a Free Trade Agreement.
- Diversification into artificial intelligence, electronics, medical technology and services.
- Strengthening of start-up and innovation linkages.

Economic ties remain modest but strategically important. Connectivity initiatives like IMEC aim to scale up this engagement.

#### **e. IMEC and Connectivity: A Geoeconomic Vision**

The India–Middle East–Europe Economic Corridor (IMEC), announced at the G20 Summit in 2023, represents a major connectivity initiative.

##### **i. Structure of the Corridor**

- Ports, railways and digital links.
- Connecting India to Europe via UAE, Saudi Arabia, Jordan and Israel.

##### **ii. Strategic Significance**

- Alternative to congested routes such as the Suez Canal.
- Enhances supply chain resilience.
- Counters the strategic influence of China's Belt and Road Initiative.
- Strengthens India's westward connectivity.

Israel's geographic position makes it a critical node. However, IMEC's success depends on sustained regional stability and Arab-Israel normalisation.

## **f. Regional Geopolitics: India's Balancing Strategy**

India's engagement with Israel cannot be viewed in isolation from the larger West Asian context.

### **i. Abraham Accords and Multi-alignment**

- Normalisation between Israel and UAE, Bahrain and Morocco.
- Expanded economic and security cooperation.

India benefits from this environment because it maintains strong ties with both Israel and Gulf states, enabling flexible, issue-based cooperation.

### **ii. Strategic Importance of Iran**

- Energy supplies.
- Chabahar Port and International North-South Transport Corridor.

Escalating Israel-Iran tensions complicate India's diplomacy. A perceived tilt could affect connectivity and energy interests.

### **iii. The "Hexagon of Alliances"**

- Israel's proposal includes India, Greece, Cyprus and select Arab states.
- Reflects new alliance configurations.

India, however, traditionally avoids rigid alliances and instead prioritises strategic autonomy—cooperating where interests align without binding commitments.

Beyond strategic calculations, India's stance on the Palestinian question remains an important diplomatic dimension.

## **g. Gaza and the Peace Process**

India continues to support a two-state solution.

### **Balanced Approach**

- Support for a sovereign Palestinian state alongside Israel.
- Emphasis on humanitarian concerns and ceasefire efforts.
- Participation in peace-related forums.

India has avoided direct military or financial commitments while maintaining constructive engagement.

## **h. Way Forward: Principles for Calibrated Expansion**

India's future engagement with Israel should be guided by clear principles.

### **Strategic Autonomy**

- Avoid rigid alliance entanglements.
- Maintain issue-based cooperation.

### **Defence Co-development**

- Focus on technology transfer.
- Promote domestic manufacturing.

### **Economic Diversification**

- Artificial intelligence and advanced manufacturing.
- Services and innovation ecosystems.

### **Connectivity and Stability**

- Continuous engagement with Gulf partners.
- Diplomatic efforts for regional stability.

### **Commitment to Peace**

- Preserve credibility in the Global South.
- Maintain balanced ties across West Asia.

### **Conclusion**

Prime Minister Modi's 2026 visit to Israel reflects the consolidation of a mature strategic partnership rooted in defence, technology and connectivity. At the same time, it highlights the delicate balancing act required in a conflict-prone region.

If managed prudently, India can strengthen its defence preparedness, expand economic linkages and enhance its role as a credible balancing power in West Asia. The long-term success of this approach will depend not only on deepening ties with Israel, but also on maintaining equilibrium among all major regional stakeholders while firmly preserving strategic autonomy.

## **GS Paper II: International Relations**

### **2. Agreements on Reciprocal Trade and the Changing Nature of Trade Deals**

#### **a. Introduction: A New Phase in Global Trade Politics**

In recent years, the United States has begun entering into what are called Agreements on Reciprocal Trade with selected countries. It has also signalled the possibility of negotiating a similar arrangement with India. These agreements are different from conventional Free Trade Agreements (FTAs) and are viewed by many experts as legally ambiguous because they do not clearly fit within the established framework of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO).

This development is not merely technical. It reflects a deeper structural shift in global trade governance — from a multilateral, rule-based system to a more bilateral, power-driven model of bargaining.

#### **b. The Multilateral Foundation: GATT and the WTO**

The global trading system after the Second World War was deliberately designed to prevent economic nationalism and trade wars.

#### **Core Principles of the System**

##### **i. Most-Favoured Nation (MFN) Principle**

- Any trade concession granted to one WTO member must be extended to all other members.
- This ensures non-discrimination and predictability.
- It prevents selective favouritism based on political or economic pressure.

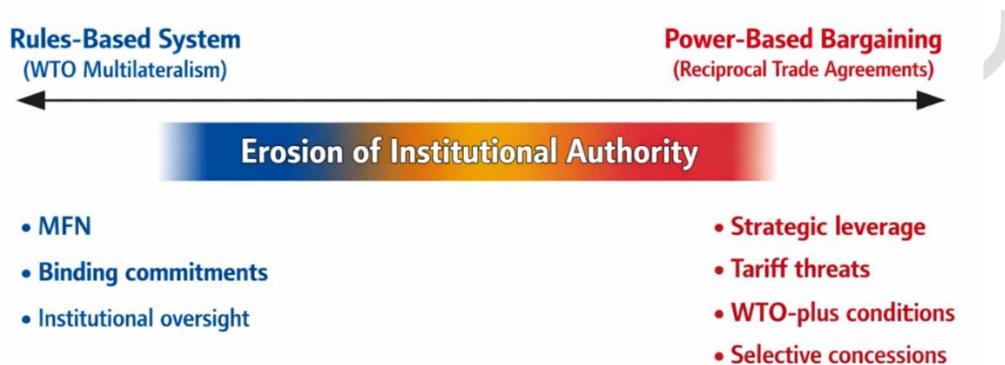
##### **ii. Rules-Based and Binding Commitments**

- Trade commitments are legally binding.
- Disputes are resolved through a structured dispute settlement mechanism.
- This reduces uncertainty and protects weaker countries from arbitrary trade measures.

Together, these principles reduce the dominance of raw economic power and create a stable and predictable trade environment.

However, the system also recognises that countries may want deeper integration in smaller groups.

## Changing Nature of Trade Governance



### c. Permissible Exceptions: Free Trade Areas and Customs Unions

Although the WTO is built on non-discrimination, it allows limited exceptions under GATT Article XXIV.

#### i. Types of Permitted Arrangements

##### Free Trade Areas (FTAs)

- Members reduce tariffs on substantially all trade among themselves.
- Each member maintains its own external tariff against non-members.

##### Customs Unions

- Internal free trade among members.
- A common external tariff against non-members.

#### ii. Conditions for Legitimacy

- The agreement must cover most trade.
- It must not raise overall barriers against outsiders.
- It must be formally notified to the WTO for transparency and scrutiny.

Thus, even exceptions operate within a multilateral legal framework.

Against this background, Agreements on Reciprocal Trade appear to represent a departure.

### d. What Are Agreements on Reciprocal Trade?

Agreements on Reciprocal Trade differ from conventional FTAs in several ways.

### **Limited Legal Anchoring**

- They are not clearly based on GATT Article XXIV.
- They may not be formally notified to the WTO.

### **Emphasis on Reciprocity under Pressure**

- Often negotiated in the context of tariff threats or strategic leverage.
- Focus on securing concessions that address specific concerns of the United States.

### **WTO-Plus Commitments**

- May include obligations beyond WTO rules.
- Could cover digital trade, industrial policy, or national security alignment.

Instead of broad-based, mutually beneficial liberalisation, these agreements emphasise targeted reciprocal concessions, sometimes influenced by political bargaining strength.

This signals a larger structural shift in trade governance.

## **e. Structural Shift: From Rules to Leverage**

The rise of such agreements reflects a transformation in global trade politics.

### **i. From Multilateralism to Bilateralism**

- Post-war trade order aimed to reduce power politics.
- Bilateral deals reintroduce bargaining based on relative economic strength.

### **ii. Emergence of a Third Category**

Previously, trade arrangements were of two types:

- Multilateral WTO rules.
- WTO-consistent preferential agreements — FTAs, customs unions.

Agreements on Reciprocal Trade represent a third category:

- Politically negotiated, legally ambiguous arrangements operating outside strict WTO scrutiny.

### **iii. Reduced Transparency**

- Lack of notification weakens peer review.
- Institutional oversight declines.
- Predictability of global trade rules erodes.

Such trends create serious concerns for the stability of the global trading system.

## **f. Key Concerns**

### **i. Conflict with WTO Obligations**

- Provisions may contradict existing WTO commitments.
- Could trigger disputes and retaliatory measures.
- Investor confidence may decline due to unpredictability.

### **ii. Dilution of the MFN Principle**

- Benefits granted outside permitted exceptions undermine non-discrimination.
- Core logic of the WTO system weakens.

### **iii. Shrinking Policy Space**

- “WTO-plus” provisions may restrict industrial policy.
- Constraints in digital governance and data regulation.
- Reduced flexibility in public procurement and standards.

Such commitments can limit long-term development strategies.

#### **iv. Fragmentation of Global Trade**

- Multiple bilateral deals create overlapping obligations.
- System becomes complex and coercive.
- Global trade order loses coherence.

These risks are particularly relevant for emerging economies like India.

### **g. Implications for India**

India faces both opportunities and risks.

#### **i. Potential Benefits**

- Improved access to the US market.
- Potential boost to exports and investment inflows.

#### **ii. Strategic Risks**

##### **Legal Compatibility**

- Agreements must align with WTO obligations.
- Avoid future disputes or retaliatory measures.

##### **Policy Autonomy**

- Preserve flexibility in digital governance.
- Protect industrial promotion strategies.
- Maintain regulatory sovereignty in standards and procurement.

##### **Geopolitical Balance**

- Parallel negotiations with the EU, UK and Gulf states must continue.
- Avoid overdependence on a single trade partner.

India’s long-term development strategy depends on carefully balancing these considerations.

This also connects to a larger systemic issue — the weakening of the WTO itself.

### **h. The Broader Question: Crisis of the WTO**

The rise of such agreements reflects deeper institutional stress.

#### **i. Institutional Weaknesses**

##### **Dispute Settlement Paralysis**

- Appellate Body remains non-functional.
- Enforcement credibility has weakened.

##### **Stalled Negotiations**

- Digital trade rules remain unsettled.
- Industrial subsidies and state support are contentious.

#### **ii. Consequences**

- Major economies bypass multilateral processes.
- Confidence in rule-based governance declines.
- Institutional erosion accelerates.

Bypassing the WTO may provide short-term flexibility but risks long-term instability.

## **i. Way Forward**

### **i. At the Global Level**

#### **Reinforce Transparency**

- All preferential agreements should be notified to the WTO.
- Peer review mechanisms must be strengthened.

#### **WTO Reform**

- Restore dispute settlement mechanism.
- Clarify special and differential treatment provisions.
- Develop rules for emerging sectors such as digital trade.

### **ii. For India**

#### **Ensure Legal Defensibility**

- Agreements must align with WTO obligations.
- Avoid ambiguous commitments.

#### **Preserve Policy Autonomy**

- Protect regulatory flexibility in digital and industrial policy.
- Maintain sovereignty in standards and procurement.

#### **Diversify Trade Partnerships**

- Continue negotiations with multiple partners.
- Reduce vulnerability to any single trade arrangement.

### **Conclusion**

Agreements on Reciprocal Trade are more than a technical innovation in trade diplomacy. They represent a structural shift from multilateral rule-based governance to bilateral power-driven bargaining.

For India, the challenge is to navigate this evolving landscape prudently. Securing market access and strategic partnerships must not come at the cost of legal certainty, policy space or long-term developmental autonomy.

The future of global trade will depend on whether multilateral institutions are revitalised or whether bilateral power politics becomes the dominant organising principle of the international economic system.

## Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

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

### 1. Orientation & Purpose

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.

### 2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density. To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

### 3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

### 4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.

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