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Eight States with International Borders, 0.13% of Exports

Context

- When **the United States imposed a 25% tariff hike on Indian imports** in August 2025, **New Delhi's response was predictable: muted rhetoric, quiet diplomacy, and no open retaliation.**
- This familiar choreography, **Washington striking, India absorbing**, was framed as another episode in turbulent bilateral ties.
- **Yet beneath the surface, these tariffs revealed not merely a dispute between two capitals, but deeper structural weaknesses** within India's own economic geography.

The Geography of Export Concentration

- India's export economy is **far from evenly distributed.**
- Four states, **Gujarat, Maharashtra, Tamil Nadu, and Karnataka, dominate, accounting for over 70% of merchandise exports**, with Gujarat alone contributing more than 33%.
- This **dominance is no accident**; it reflects decades of infrastructure development, policy incentives, and political continuity concentrated in these zones.
- **In contrast, the populous heartland states of Uttar Pradesh, Bihar, and Madhya Pradesh together muster barely 5% of outbound trade**, underscoring the stark disparities in India's export geography.

The Marginalisation of the Northeast

- Nowhere is this imbalance more evident than in the northeast, **a region of eight states sharing 5,400 kilometres of international borders but contributing just 0.13% to national exports.**
- The exclusion is not accidental; it is structural.
- **There are no operational trade corridors linking the northeast** to global markets, no logistical infrastructure capable of supporting volume, and no institutional presence in national trade policymaking bodies.
- **Flagship export schemes**, such as the Remission of Duties and Taxes on Exported Products (RoDTEP) and the Production-Linked Incentive (PLI), **are implemented in industrial belts of western and southern India.**
- While the **northeast remains symbolically embraced but economically orphaned.**
- Even the **Directorate General of Foreign Trade's 2024 strategic export plan omitted the region entirely**, a silence that elicited no protest, as if its exclusion were natural.

- The **consequences are tangible**. Assam's tea industry, responsible for more than half of India's tea output, remains vulnerable due to low value-addition and dependence on bulk CTC-grade auctions.

Borders as Bottlenecks

- The northeast's trade potential has also been **crippled by its borders**.
- **India's once-promising gateways to Myanmar**, Zokhawthar in Mizoram and Moreh in Manipur, have **withered into securitised outposts**.
- **Since Myanmar's 2021 coup, cross-border trade has thinned, infrastructure has stagnated**, and the 2024 scrapping of the Free Movement Regime severed not only commerce but also kinship economies.
- Instead of functioning as bridges to the Association of Southeast Asian Nations (ASEAN), **these frontiers have become grids of containment**.
- Goods do not flow; troops do. Roads exist largely on paper, customs offices are understaffed, and logistical facilities are absent.
- **China, meanwhile, consolidates its foothold in northern Myanmar** through investments and alliances, **outpacing India's rhetoric of Act East with hard infrastructure**.

Broader Implication and the Way Forward

• Broader Implication: Asia Moves, India Hesitates

- This **paralysis contrasts starkly with the dynamism** elsewhere in Asia.
- **China and Southeast Asia are actively repositioning capital**, building corridors, and restructuring supply chains to adapt to global shifts.
- **India, by contrast, negotiates trade agreements with Western powers** while leaving its eastern frontier disconnected from the substance of global commerce.
- The **assumption that trade can remain tethered to colonial-era ports** and post-independence clusters **ignores geography and undercuts resilience**.
- **Without integrating the northeast into national and regional trade frameworks, India undermines its claim to Indo-Pacific centrality**.

• The Way Forward: Toward a Cohesive Economy

- **Trump's tariffs will not, on their own, derail India's economy**. But they expose the fragility of an export model concentrated in a few enclaves while neglecting entire regions.
- **A cohesive national economy requires dispersion of capacity**, not dependence; infrastructure that connects peripheries, not just coasts; and governance that recognises geography, not just electoral arithmetic.
- The **northeast does not demand slogans**. It needs the minimum grammar of statecraft: roads that connect to markets, **policies that incorporate its geographies, and representation in institutions that shape trade strategy**.

- For decades, it has been asked to wait, through insurgencies, ceasefires, and empty acronyms, while the world reconfigures its trade flows. Delay now resembles design.

Conclusion

- **India cannot claim regional heft** while its **eastern flank remains economically brittle**.
- Tariffs may be episodic, but **the structural omission of the northeast corrodes the promise of a cohesive economy**.
- **Resilience must be reframed:** not as the strength of a few export hubs, but as the capacity of the entire country to absorb shocks and participate in global trade.
- Until then, **India's blind spot remains intact, and its ambitions in the Indo-Pacific rest on shaky foundations**.

Eight States with International Borders, 0.13% of Exports FAQs

Q1. What structural weakness did the U.S. tariffs of 2025 expose in India's economy?

Ans. The tariffs exposed India's overdependence on a few coastal states for exports and the neglect of regions like the northeast in national trade strategies.

Q2. Which four states dominate India's export economy, and why?

Ans. Gujarat, Maharashtra, Tamil Nadu, and Karnataka dominate India's exports because they have long benefited from strong infrastructure, policy incentives, and political stability.

Q3. Why does the northeast contribute so little to India's exports?

Ans. The northeast contributes little because it lacks trade corridors, logistical infrastructure, institutional representation, and policies tailored to its geographic realities.

Q4. How has the India-Myanmar border shifted from a trade gateway to a bottleneck?

Ans. The India-Myanmar border has become a bottleneck due to militarisation, poor infrastructure, and the suspension of the Free Movement Regime, which replaced commerce with surveillance.

Q5. What key steps are recommended to make India's trade economy more resilient?

Ans. India should diversify export geography, build infrastructure in the northeast, reorient border policy, invest in value addition, ensure institutional representation, and complete strategic trade corridors with ASEAN.

Source: **The Hindu**

The Saudi-Pakistan Deal Upends India's Strategic Thought

Context

- The recent announcement of a **Strategic Mutual Defence Agreement** between Pakistan and Saudi Arabia has sent ripples across the subcontinent, particularly in India.

- **At the core of the agreement lies a clause that treats aggression against one party as an attack on both**, a formulation that echoes collective defence commitments.
- While **such rhetoric has historical precedent in bilateral pacts**, the timing, context, and wider geopolitical realignments have lent this deal far greater significance than a routine defence partnership.
- **For India, which has invested heavily in deepening its engagement with West Asia** over the past decade, the development **underscores both the fragility of its strategic balancing act and the risks of complacency** in an era of shifting alliances.

India's Diplomatic Setback Post-Pahalgam Attack

- The agreement comes in the wake of the **April 2025 terror attack in Pahalgam, Jammu and Kashmir**, which triggered the most intense military confrontation between India and Pakistan since the 1971 war.
- **New Delhi responded with a concerted diplomatic campaign** to isolate Pakistan internationally, alongside the launch of **Operation Sindoor**, aimed at striking terrorist camps within Pakistani territory.
- Yet, **these efforts have yielded mixed results**. While India received sympathy and support from some partners, its attempt to impose a diplomatic quarantine on Islamabad faltered.
- **The Saudi-Pakistan pact, emerging amidst these tensions, represents a symbolic diplomatic victory for Islamabad** and a clear rebuke of India's efforts to delegitimise its neighbour on the world stage.

Riyadh's Balancing Act and Historical Context

- The move is not unprecedented and **Saudi Arabia has long relied on Pakistan's military as a source of strategic depth**, given Islamabad's extensive combat experience, largely against India, and its possession of nuclear weapons.
- The **relationship, however, has not always been smooth**. In 2015, Pakistan refused Riyadh's request to contribute troops to its Yemen campaign, straining ties significantly.
- Today, **with Washington perceived as a less reliable security partner** and with regional tensions heightened by conflicts such as the **Israel-Hamas war of 2023** and the **12-day war between Israel and Iran**, Riyadh appears to be recalibrating its security partnerships.
- The **renewed embrace of Islamabad can be read as a return to tradition**: a pragmatic convergence of Sunni solidarity, shared ideological roots, and hard-nosed military calculus.

Geopolitical Reverberations Beyond South Asia

- While the immediate impact of the pact is felt in South Asia, its deeper resonance lies in **West Asia's evolving strategic order**.
- Since 2023, **the region has been marked by volatility**, with shifting alliances and new power equations emerging amid ongoing conflicts.
- Riyadh's decision to bind itself closer to Islamabad must be seen through its pursuit of **strategic autonomy, multipolarity, and multi-alignment**, principles that India too espouses in its foreign policy.
- Yet, **as Saudi Arabia's choices demonstrate, these goals do not always align neatly with Indian interest**
- Instead, they may place New Delhi and Riyadh on opposing sides of regional fault lines.

Implications for India's Strategic Thought

- For India, the pact is not an existential threat, but it is a **warning sign**.
- It underscores that New Delhi's engagement with West Asia, despite its visible expansion, cannot erase the deep-rooted ideological and religious bonds that tie Pakistan to Arab states.
- More crucially, it exposes the **limits of India's risk-averse strategic culture**. By clinging to an idealised self-image as a cautious, pacifist power, India risks falling behind in a rapidly transforming global order.
- **The Pakistan-Saudi deal is less about military commitments** and more about the symbolism of unity, the leveraging of disruptions in the global system, and the opportunism of weaker powers to punch above their weight

Conclusion

- It **continues Riyadh's long tradition of engaging Islamabad as a security partner**, while simultaneously rupturing India's narrative of having diplomatically cornered Pakistan.
- More broadly, it reflects the **fragmentation of the post-Cold War order** into a multipolar and unstable configuration where alignments are fluid, and symbolism often outweighs substance. For India, the lesson is sobering. I
- **If New Delhi fails to shed its strategic hesitation** and embrace the risks inherent in great power politics, **it risks ceding space to rivals who are more adept at exploiting global disorder**.

The Saudi-Pakistan Deal Upends India's Strategic Thought

Q1. What is the central concern for India regarding the Saudi-Pakistan defence pact?

Ans. India is concerned that the pact strengthens Pakistan's diplomatic position and challenges India's security interests, especially after the Pahalgam terror attack.

Q2. Why is Saudi Arabia renewing its security ties with Pakistan?

Ans. Saudi Arabia is renewing ties because it views Pakistan's military experience and nuclear capability as vital for its security, particularly as U.S. reliability in the region declines.

Q3. How does this agreement reflect broader geopolitical changes in West Asia?

Ans. The agreement reflects Saudi Arabia's pursuit of strategic autonomy, multipolarity, and multialignment in a rapidly changing regional order.

Q4. What limitation of India's foreign policy does the pact highlight?

Ans. The pact highlights India's culturally risk-averse strategic thought and its reluctance to embrace bold, power-driven policies.

Q5. What is the key lesson for India from this development?

Ans. The key lesson for India is that it must act with greater resolve and adaptability in global politics, or risk losing influence to rivals who exploit instability more effectively.

Source: **The Hindu**