

Daily Editorial Analysis 25 February 2026

February 25, 2026 • vajiramandravi.com



An Israel Visit —Its Strategic, Economic, Regional Impact

Context

- West Asia faces an extremely fragile security environment marked by tensions between Iran and the United States, uncertainty surrounding the **Gaza ceasefire**, and shifting regional alignments involving Saudi Arabia and the UAE.
- These developments raise concerns over regional stability, global trade routes, and energy supplies.
- Within this context, Prime Minister **Narendra Modi's** visit to **Israel** in February 2026 carries major strategic significance.
- The visit reflects India's expanding diplomatic role, its deepening partnership with Israel, and its attempt to balance relations with rival actors in the region.
- India is gradually moving from a passive observer to an active geopolitical stakeholder in West Asia.

Changing Nature of India's West Asia Policy

- **From Ideological to Pragmatic Diplomacy**

- India earlier balanced relations with Israel and Palestine due to political considerations and dependence on Arab energy sources.
- The present standalone visit signals a clear policy shift. Through **de-hyphenation**, India treats Israel and Palestine as separate diplomatic relationships, emphasizing national interests over ideological positioning.

- **Strategic Autonomy and Multi-Alignment**

- Despite closer ties with Israel, India continues strong relations with Arab states such as the UAE, Oman, and Jordan.
- Rather than joining rigid alliances, India follows **strategic autonomy** and **multi-alignment**, maintaining cooperation across competing regional camps.

Defence and Security Cooperation

- **Shared Security Concerns**

- Both countries face hostile neighbourhoods and threats from **terrorism**, creating natural security convergence.
- India has become Israel's largest defence customer, and cooperation has evolved from purchases to **joint development**.

- **Military Technology Collaboration**

- Israel has supplied India with **drones, surveillance systems, radars, and missile defence**
- The jointly developed **Barak-8** air defence system illustrates this collaboration.
- India's focus on **anti-drone** protection and air defence after recent military experiences has increased interest in the **Iron Beam** laser interception system, capable of neutralizing rockets and UAVs efficiently.
- This partnership now emphasises futuristic defence technologies and co-production.

Technology, Agriculture, and Innovation Cooperation

- **Agricultural Development**

- Israel's agricultural expertise supports India's rural economy through more than 35 Centres of Excellence.
- These initiatives promote **precision farming**, improved horticulture, and higher productivity in fruits and vegetables, strengthening **food security**.

- **Water Management**

- Israeli water-management and irrigation technologies are vital for drought-prone regions such as **Rajasthan** and Haryana.
- Integrated water resource projects improve conservation and sustainable usage.

- **Future Technologies**

- Cooperation is expanding into **Artificial Intelligence**, electronics, and high-technology manufacturing.
- The partnership increasingly resembles a development and innovation collaboration rather than purely defence engagement.

Trade and Economic Engagement

- **Expanding Bilateral Trade**

- Bilateral trade has grown steadily, traditionally dominated by **diamonds**, petroleum products, and chemicals, but now expanding into **medical equipment**, electronics, and communications technology.

- **Investment and Free Trade Agreement**

- A Bilateral Investment Agreement and negotiations for a **Free Trade Agreement (FTA)** aim to deepen economic integration.
- Israel is also interested in Indian participation in infrastructure projects and arrangements for **skilled labour mobility**, indicating increasing economic interdependence.

Strategic Connectivity and the IMEC Corridor

- The **India-Middle East-Europe Economic Corridor (IMEC)** is a major connectivity initiative linking India to Europe through West Asia.
- The corridor offers a safer alternative to the **Suez Canal**, reduces shipping risks, and enhances trade efficiency.
- However, its success depends on regional stability, particularly lasting peace in Gaza. Economic connectivity and peace are therefore closely connected.

Gaza Conflict and Regional Diplomacy

- **India's Possible Role in Peace Efforts**

- India participated as an observer in international stabilization discussions.

- Its balanced relations with Israel and Arab countries position it as a credible diplomatic participant in future peace initiatives.

• **Balancing Competing Alliances**

- Israel has suggested broader regional alignments against extremist forces, but India is unlikely to join a formal bloc.
- It maintains engagement with Israel, Gulf countries, and **Iran** simultaneously to protect diplomatic flexibility and national interests.

India's Strategic Interests in the Region

- India's involvement in West Asia is driven by concrete priorities: **energy security**, protection of trade routes, welfare of overseas workers, counter-terrorism cooperation, and technology transfer.
- Stability in the region directly affects India's economic growth and foreign policy goals.

Conclusion

- The 2026 visit highlights the **transformation of India-Israel relations** into a multidimensional partnership encompassing defence, technology, trade, and connectivity.
- At the same time, India continues constructive engagement with Arab states and Iran, reflecting a balanced diplomatic approach.
- India is emerging as a **strategically autonomous power** capable of engaging multiple rivals without formal alliances.
- By combining security cooperation with economic and technological collaboration and supporting regional stability, India positions itself as a potential stabilizing influence in West Asia.
- The partnership with Israel therefore represents not only bilateral cooperation but also **India's broader rise as an influential actor** in regional geopolitics.

An Israel Visit —Its Strategic, Economic, Regional Impact FAQs

Q1. Why is Prime Minister Narendra Modi's 2026 visit to Israel strategically significant?

Ans. The visit is strategically significant because it reflects India's growing geopolitical role in West Asia and its deepening partnership with Israel amid regional instability.

Q2. What does India's policy of de-hyphenation mean in the context of Israel and Palestine?

Ans. De-hyphenation means that India treats its relationship with Israel independently from its engagement with Palestine.

Q3. How has India-Israel defence cooperation evolved over time?

Ans. India-Israel defence cooperation has evolved from a buyer-seller relationship to joint development and co-production of advanced military technologies.

Q4. Why is the IMEC corridor important for India?

Ans. The IMEC corridor is important because it provides a safer and shorter trade route to Europe while enhancing

India's strategic connectivity.

Q5. How does India maintain balance in West Asia despite close ties with Israel?

Ans. India maintains balance by pursuing strategic autonomy and maintaining strong relations with Israel, Arab Gulf states, and Iran simultaneously.

Source: **The Hindu**

India's Trade Strategy in a Multipolar World

Context

- India's international economic policy has undergone a major transformation in the last decade.
- Once hesitant about wide-ranging free trade agreements, the country now actively pursues deeper integration with leading global economies.
- The Foreign Trade Policy (FTP) 2023 targets exports of **\$2 trillion by 2030**, reflecting a broader national vision of economic expansion and global influence.
- By 2025, total exports of **merchandise and services** reached **\$825.25 billion**, showing sustained growth.
- Trade policy now functions not only as an economic mechanism but also as a tool of **strategic autonomy**, diplomacy, and long-term development.

From Cautious Trade Engagement to Proactive Integration

• Earlier Approach

- For decades, India followed a **protectionist orientation**, preferring agreements with economies at comparable levels of development.
- Domestic industry protection, **economic sovereignty**, and controlled market access shaped trade policy.
- Large-scale engagement with advanced industrial economies remained limited.

• The Policy Shift

- India has moved toward a more assertive external trade strategy.
- Negotiations with developed economies have accelerated, and the coverage of exports under **free trade agreements (FTAs)** is projected to rise from 22% in 2019 to nearly 71% by 2026.
- Partnerships now include the **European Union, United States, United Kingdom, Australia**, and **United Arab Emirates**.
- This transition represents a shift from regional trade arrangements to participation in high-value markets and deeper integration into global commerce.

Export-Led Growth and Economic Expansion

- Export expansion has become central to India's growth strategy.
- Greater access to international markets encourages industrial expansion, investment flows, and **employment generation**.
- Labour-intensive sectors such as **textiles** and **leather** gain new opportunities, while high-growth industries like pharmaceuticals, technology, and **services trade** strengthen competitiveness.
- Integration of Micro, Small, and Medium Enterprises (MSMEs) into **global value chains** widens the benefits of trade.
- Expanded exports improve productivity and enable domestic firms to upgrade quality and efficiency. Trade therefore acts as a driver of both economic growth and industrial modernization.

Key Trade Agreements

• The India-European Union Free Trade Agreement

- The India-EU agreement signed on **January 27, 2026** marked a major milestone in trade diplomacy.
- The agreement reduces or eliminates tariffs on over **90% of traded goods**, expanding market access for **chemicals, marine products, pharmaceutical exports**, and manufacturing industries.
- Access to advanced **European machinery** lowers production costs and supports industrial upgrading.
- The agreement strengthens **regulatory cooperation**, encourages **digital trade**, and increases **investor confidence**.
- Enhanced competitiveness helps Indian exporters compete effectively with countries such as Bangladesh and Vietnam while improving the export ecosystem.

• The India-United States Trade Framework

- In February 2026, India and the United States signed an interim framework on **reciprocal trade** while negotiating a broader **Bilateral Trade Agreement (BTA)**.
- The arrangement gradually reduces tariffs and improves **market access** for Indian products.
- The partnership also promotes cooperation in rare earths, semiconductors, and electronics manufacturing.
- This collaboration strengthens India's ambition to emerge as a **global manufacturing hub** and supports expansion of high-technology production and exports.

Integration into Global Value Chains

- Modern production depends on cross-border supply networks. FTAs reduce barriers on **intermediate goods**, enabling firms to participate in **international supply chains**.
- Access to inputs, components, and advanced equipment improves efficiency and productivity.
- Sectors such as electronics, pharmaceuticals, and digital services benefit from seamless movement of goods and technology.
- Integration into **global production networks** marks a transition from import substitution toward **competitive integration** in the world economy.

Trade Policy as a Tool of Diplomacy

- Economic partnerships now reinforce foreign policy objectives.
- Stronger ties with advanced economies increase India's role in **global economic governance** and provide influence in shaping **trade standards** and **regulatory norms**.
- Agreements across multiple regions diversify partnerships and prevent excessive reliance on a single trading partner.
- Economic interdependence enhances political relationships, strengthens negotiating capacity, and expands India's international standing.
- Trade thus functions as both an economic and diplomatic instrument.

Strategic Autonomy and Domestic Development

- Despite expanding globalization, India continues to emphasize independent decision-making.
- After opting out of the **Regional Comprehensive Economic Partnership (RCEP)**, a balanced strategy emerged.
- Domestic production is supported through **production-linked incentives (PLI)**, **infrastructure expansion**, and **manufacturing promotion**, while international integration proceeds simultaneously.
- Diversified partnerships, stronger supply chains, and expanding digital economy activity enhance resilience.
- The policy combines domestic capacity building with international cooperation, ensuring growth without dependency.

Conclusion

- India's trade strategy represents **a major reorientation in economic and foreign policy**.
- The country has moved from a cautious, protection-focused system toward proactive engagement with major economies.
- Agreements with global partners expand exports, improve technology access, and strengthen diplomatic influence.
- Trade policy now serves as a **central pillar of development**, enabling the country to emerge as a leading force in the international economic order.

India's Trade Strategy in a Multipolar World FAQs

Q1. What is the main objective of India's recent trade strategy?

Ans. The main objective is to expand exports, integrate into global markets, and strengthen India's position as a major economic power.

Q2. How have India's free trade agreements changed in recent years?

Ans. India has shifted from limited agreements with developing economies to comprehensive partnerships with advanced economies such as the EU and the United States.

Q3. Why is the India-EU Free Trade Agreement important?

Ans. It improves market access, reduces tariffs on most goods, and enhances competitiveness of Indian industries

in international markets.

Q4. How do trade agreements support India's technological development?

Ans. They promote cooperation in sectors like semiconductors and electronics manufacturing, which strengthens high-technology production.

Q5. What is meant by strategic autonomy in India's trade policy?

Ans. Strategic autonomy means India engages globally in trade while maintaining independent decision-making and avoiding dependence on any single partner.

Source: **The Hindu**

Source: <https://vajiramandravi.com/current-affairs/daily-editorial-analysis-25-february-2026/>

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