West Asia Conflict and its impact on Indian Industries

Prelims: *Current events of national and international importance | International Relations*

Why in News?

The ongoing conflict in West Asia is causing significant turbulence in global energy markets and creating supply chain bottlenecks for critical industrial raw materials essential to India's core sectors.

> *The West Asia region broadly includes the 6 Gulf Cooperation Council (GCC) countries like Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE along with other regional economies such as Iran, Iraq, Israel, Jordan, Lebanon, Syria and Yemen.*

- **Recent issue -** The West Asia conflict is a major, escalating war primarily driven by joint U.S.-Israel military strikes against Iran, aimed at regime change and disrupting its network of proxy forces.
- This conflict involves direct, intense fighting, including Israeli strikes on Hezbollah and Iranian targets, and retaliatory Iranian actions impacting oil infrastructure.
- The missile and drone strikes hitting several energy and logistics facilities across the Gulf, fears of supply disruptions have intensified.
- The possibility of a closure of the Strait of Hormuz one of the world's most critical energy and trade routes has heightened concerns of a global energy supply shock.
- **Report Findings -** A report by the Global Trade Research Initiative (GTRI) warns that the West Asian conflict threatens $98.7 billion in Indian imports, extending economic risks far beyond the energy sector.
- **The Energy Core - Oil & Gas**
  - Crude Oil: With only one month of stockpiles, India is pivoting to discounted Russian oil to mitigate price spikes.
  - LNG: Reliance on Qatari gas threatens industrial supply stability;

steel and fertilizer sectors are most at risk from prolonged disruptions.

- **Strategic Mineral Dependence - Construction** - India sources 68.5% of its limestone and 62.1% of its gypsum from West Asia. Delays would spike cement prices and stall infrastructure projects.
- **Fertilizers -** 65.8% of sulphur (used for sulphuric acid) comes from the region. While currently the "off-season," a month-long disruption would hit urea production for the next crop cycle.
- **Steel** - The region provides 59.1% of Direct Reduced Iron (DRI) and the natural gas required to process it. High energy volatility remains a bigger threat than raw material scarcity.
- **Electronics/Power -** 50.7% of copper wire imports are at risk, threatening renewable energy and power grid expansion.
- **Impact on Exports – Diamonds - Surat Hub-** India imports over 40% of its rough diamonds from West Asia.
- Supply breaks would paralyze the cutting and polishing industry, a major Indian export earner.

Reference

[The Indian Express | The West Asia conflict is hitting core Indian industries]

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