



SIPG Policy Brief 36

IRAN–ISRAEL WAR: ***Implications for South Asia and its Neighbourhood***



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Introduction

The Iran–Israel war represents one of the most consequential geopolitical confrontations of recent times, with significant implications for South Asia and its neighbourhood. Although a ceasefire has been established, the situation remains fragile, reflecting deep-seated hostilities between the two states and the persistent volatility of the Middle East. The conflict has drawn the attention of global and regional powers, including the United States, China, Russia, Gulf states, and Türkiye, each seeking to safeguard strategic and economic interests. Beyond immediate military impacts, the war has triggered economic shocks, accelerated arms races, and heightened diplomatic pressures for countries with ties to the region, including South Asian states such as India, Pakistan, and Bangladesh. The 12-day military conflict between Iran and Israel in June 2025 has significantly reshaped the regional and global geopolitical landscape.

Under this context, the South Asian Institute of Policy and Governance (SIPG) at North South University (NSU) hosted a webinar titled “Iran–Israel War: Implications for South Asia and its Neighbourhood” on 10 July 2025. The webinar brought together renowned academics, policy experts, and geopolitical analysts from across Asia to explore the far-reaching consequences of the recent Iran–Israel war on South Asia and beyond.

Main Issues for Discussion

- **Regional Security Dynamics:** The war’s effects on Middle Eastern stability, cyberwarfare, and implications for South Asian strategic planning.
- **Economic and Energy Impacts:** Rising oil prices, disruption of the Strait of Hormuz, remittance flows, and inflation in South Asia, particularly Bangladesh.
- **Arms Race and Military Technology:** The proliferation of drones, precision-guided missiles, air defense systems, and cyber capabilities, with potential spillover effects on South Asian defense preparedness.
- **Diplomatic Challenges:** Balancing relations with Middle Eastern, Western, and emerging powers while maintaining strategic neutrality; implications for multilateral forums, including the UN, IAEA, and EU.
- **Diaspora and Humanitarian Concerns:** Safety of South Asian migrant workers in the Gulf, disruptions to labor migration, and associated socio-economic vulnerabilities.

These discussions aim to provide policymakers, academics, and analysts with actionable insights to navigate the cascading effects of the Iran–Israel war on South Asia and beyond.

Key Findings, Views, and Observations

Violations of International Law and Geopolitical Disruption

The recent large-scale strikes on Iranian territory, targeting nuclear scientists and senior military commanders, have been widely regarded as violations of international law. While Israel framed these operations as a strategic success, the Iranian nuclear program was only delayed, not destroyed, and the regime remained intact. High oil prices and global market disruptions highlighted the broader economic and geopolitical impact of the war, while Iran maintained that its nuclear program remains peaceful and fully compliant with international regulations. The conflict exposed selective enforcement of international norms by global powers, particularly the U.S. and the EU, revealing inconsistencies and strategic bias.

China's Economic and Diplomatic Strategy

China has been publicly pursuing a neutral, stability-oriented approach, emphasizing diplomacy, trade, and infrastructure cooperation rather than direct military engagement. Privately, China supplies material and armed support to Iran. Iran supplies oil to China's, and any disruption in the Strait of Hormuz poses risks to its energy security. Beijing balances relationships with Iran, Israel, Saudi Arabia, and other regional actors, focusing on regional stability and economic engagement. While generally avoiding entanglement in military conflicts, China recognizes its role in Middle Eastern geopolitics and leverages diplomacy and mediation to safeguard strategic and energy interests.

Pakistan's Strategic and Diplomatic Approach

Pakistan's proximity to Iran and shared border make regional instability an immediate concern. The conflict affected trade, migration flows, and domestic security considerations. Islamabad condemned the attacks, actively engaged in diplomatic channels, and sought a ceasefire to prevent escalation. Pakistan emphasized maintaining strong relations with Iran, balancing public sentiment and parliamentary support with strategic interests. Its approach aimed to localize the conflict, safeguard economic ties, and prevent destabilizing sectarian or security spillovers in South Asia.

India's Strategic Sensitivities

India navigates a complex geopolitical landscape shaped by historical experiences, strategic partnerships, and regional dependencies. Its energy reliance on Iran, military and security linkages with Israel, growing defense cooperation with the U.S. and Russia, and economic ties with China and Gulf countries create sensitive policy calculations. Indian media has generally started to portray the Palestine and Gaza issue as an element of Islamophobia that is taking root domestically, and thus shows a strong bias towards Israel.

Bangladesh's Diplomatic Tightrope

Bangladesh manages inconsistencies between its ideological commitments to Muslim countries and its pragmatic interests in Western economic partnerships. While supporting Palestine and maintaining ties with Arab states, Dhaka must manage economic dependence on remittances, oil imports, and trade with Western markets. Public sentiment strongly influences Bangladesh's foreign policy, necessitating careful balance to protect migrant workers, sustain economic stability, and engage with multilateral forums such as the OIC.

Regional and Global Implications

Across South Asia, the Iran–Israel conflict intensifies security, economic, and diplomatic challenges. Rising oil prices, arms race dynamics, and labor migration risks can create new instabilities and tensions. Israel's assertive military policies are expected to challenge established global norms.

Iran's Concerns, Preferences, and Challenges

- **Violation of Sovereignty and International Law:** Iran emphasizes that recent attacks on its nuclear scientists and military leadership constitute clear breaches of international law. Policymakers should strive to establish stronger multilateral mechanisms to prevent unilateral military actions and ensure the consistent application of international norms.
- **Peaceful Nuclear Program:** Iran asserts that its nuclear program is fully compliant with international regulations. Challenges include protecting civilian nuclear facilities, ensuring transparency with agencies like the IAEA, and resisting narratives that portray peaceful nuclear development as a pretext for aggression.
- **Strategic and Economic Stability:** The conflict has disrupted global energy markets and exposed the risks of military escalation on oil prices and regional economic stability. Iran emphasizes that regional and global actors should prioritize diplomatic dialogue over military intervention to ensure economic continuity and prevent broader geopolitical disruption.
- **Diplomatic Engagement:** Iran seeks multilateral engagement to reduce tensions, including mediation by international organizations and non-partisan states, while discouraging external attempts at regime change or coercion that could destabilize the region.
- **Future Conflict Prevention:** Iran calls for coordinated international oversight, legal enforcement, and preventive diplomacy to avoid further escalation, including protection of civilian populations and critical infrastructure.

Key Quotes from the Webinar

"The recent attacks on our nuclear scientists and military commanders are clear violations of international law; despite external aggression, Iran's nuclear program continues peacefully, exposing the selective application of international norms by global powers."

Dr. Zeinab Ghasemi Tari, Associate Professor
Faculty of World Studies, University of Tehran, Iran



"Pakistan condemns external aggression, engages diplomatically, and seeks to maintain strong relations with Iran to safeguard economic, security, and regional stability while preventing wider destabilization."

Professor Amjad Abbas Khan
University of Punjab, Pakistan

"China emphasizes stability and diplomacy, maintaining balanced relations with regional actors while prioritizing energy security, economic engagement, and peaceful conflict management over military intervention."

Qian Feng, Senior Research Fellow,
National Strategy Institute, Tsinghua University, China



"Bangladesh navigates a diplomatic tightrope, balancing ideological solidarity with Muslim nations and pragmatic economic and strategic interests, while safeguarding migrant workers and engaging with multilateral forums."

Professor Mohammed Nuruzzaman,
Department of Political Science and Sociology (PSS),
North South University, Bangladesh

"India's position is shaped by complex historical, strategic, and energy considerations, requiring cautious diplomacy to protect national security, economic interests, and regional stability."

Professor Mahendra Lama
Jawaharlal Nehru University, India





“Bangladesh and like-minded countries remain committed to peace, dialogue, and multilateral efforts aimed at conflict resolution, while supporting affected populations, including students and civilians impacted by the conflict.”

**Professor Dr. Abdul Hannan Chowdhury,
Vice Chancellor, North South University, Bangladesh**

Policy Recommendations

1. Upholding International Law and Norms

Policymakers should advocate for transparent multilateral mechanisms to prevent selective enforcement by global powers, reduce geopolitical bias, and protect civilian nuclear infrastructure. Supporting platforms like the IAEA and UN-based conflict resolution mechanisms can mitigate misinterpretation or help avoid escalation.

2. Strengthening Regional Diplomacy and Conflict Management

Pakistan's experience highlights the importance of proactive diplomacy to localize conflicts and prevent spillovers. South Asian countries should maintain open communication channels with Middle Eastern actors while leveraging multilateral forums to address instability. Balancing public sentiment, strategic interests, and humanitarian considerations is critical. Iran recommends that regional actors engage diplomatically rather than militarily, discouraging external attempts at regime change and emphasizing dialogue to prevent escalation.

3. Promoting Multilateral Engagement and Crisis Management

Given the interconnections among South Asian, Middle Eastern, and global actors, multilateral engagement is essential. Policymakers should prioritize dialogue and cooperative frameworks to de-escalate tensions, reduce conflicts, and ensure the protection of civilians.

4. Enhancing Economic Resilience and Energy Security

South Asian countries, particularly India, Pakistan, and Bangladesh, should develop contingency plans to manage oil price volatility, safeguard critical supply routes like the Strait of Hormuz, and reduce over-reliance on single suppliers. Bangladesh should have contingency plans to support migrant workers and mitigate shocks from disrupted trade. Investments in renewable energy and strategic reserves will enhance long-term resilience.

5. Balancing Ideological and Pragmatic Foreign Policy

Policymakers should uphold public commitments—such as support for Palestine—while safeguarding trade, remittance inflows, and strategic partnerships. Engagement with multilateral institutions, including the UN, IAEA, OIC, and EU, can help navigate complex pressures without compromising national interests.

6. Preparing for Security and Defense Contingencies

The escalation of the Middle Eastern arms race—including executing drones, missile systems, electronic warfare, and advanced air defenses may necessitate enhanced preparedness in South Asia. Countries should strengthen surveillance to control espionage, border security, cyber-defense capabilities, and strategic intelligence.

Conclusion

The June 2025 Iran–Israel conflict has exposed the fragility of regional stability in the Middle East and highlighted its cascading implications for South Asia and the broader Global South. While the ceasefire paused hostilities, the attacks revealed blatant violations of international law, selective enforcement of norms by global powers, and vulnerabilities in critical energy and trade routes, particularly in the Strait of Hormuz. The conflict delayed, but did not dismantle, Iran’s nuclear program, emphasizing the resilience of peaceful nuclear development and the risks of unilateral military actions.

South Asian nations face a complex interplay of economic, security, and diplomatic pressures. Proximity to the conflict zone, reliance on Gulf energy, dependence on remittances, and strategic partnerships with global actors necessitate careful balancing between ideological commitments and pragmatic national interests. Regional security is further complicated by an accelerating arms race, advanced military technologies, and proxy tensions, underscoring the need for enhanced surveillance, cyber-defense, and crisis preparedness.

Policy imperatives include reinforcing multilateral engagement, exploring further options for energy and economic security, respecting international law, and maintaining diplomatic channels to manage spillover effects. Coordinated strategies that prioritize stability, protect civilian populations, and mitigate regional escalation are essential. The conflict serves as a reminder that global security, economic resilience, and strategic foresight are deeply interconnected, necessitating proactive and interactive policymaking for long-term regional and international stability.



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