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How Indo-Pakistani Tensions Jeopardize Transnational Logistics Networks

Vusal Guliyev

📍 Mirza İbrahimov 8, Baku, AZ1005, Azerbaijan

📞 (+994 12) 596-82-39, (+994 12) 596-82-41

🌐 E-mail: www.aircenter.az, info@aircenter.az

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How Indo-Pakistani Tensions Jeopardize Transnational Logistics Networks

Key Takeaways:

- *The recent escalation of hostilities between India and Pakistan in April 2025 has posed significant risks to global supply chains and trade routes. Heightened military activity in maritime regions threatens to disrupt critical chokepoints such as the Straits of Malacca, Bab el-Mandeb, and Hormuz, which are essential transit corridors for energy shipments and international commerce.*
- *Energy and agricultural commodity flows, vital exports for India and Pakistan, have experienced volatility, while cyber threats have emerged as another critical risk factor to transportation infrastructure. The crisis highlights the fragility of global logistics and the need for resilient planning and international cooperation to maintain trade stability.*
- *Regional tensions endanger large-scale trade initiatives like the China-led CPEC, the Western-backed IMEC, and the INSTC. In combination, these factors are recalibrating the cost structures of shipping and logistics operations across the Indo-Pacific.*

The recent [escalation](#) of hostilities in South Asia, triggered by a militant attack in Kashmir in April 2025, has led to reciprocal strikes, border closures, and large-scale military mobilization between India and Pakistan. This instability in a strategically crucial region poses a threat not only to bilateral trade but also to global supply chains. Positioned at the crossroads of major transit routes, India serves as a key manufacturing and shipping hub for Asia, while Pakistan provides China with overland access to the Arabian Sea. Any armed conflict between these two nuclear-armed neighbors risks disrupting vital transit corridors, with ripple effects reverberating across the world.

One of the most immediate areas of concern lies in the Indo-Pacific's maritime chokepoints, which serve as critical arteries for global trade. Three key straits, the Strait of Malacca, Bab el-Mandeb, and the Strait of Hormuz, are essential transit routes for energy shipments and commercial shipping. Although neither India nor

Pakistan directly controls these corridors, their conflict can significantly destabilize them through indirect consequences such as increased militarization, heightened piracy risks, and the potential withdrawal or repositioning of international naval forces.

The Strait of Malacca, located between Malaysia, Indonesia, and Singapore, [handles](#) approximately 15 million barrels of oil daily and nearly one-third of all the world's traded liquefied natural gas. The Strait of Malacca is a vital maritime corridor for several East Asian economies, particularly China, Japan, and South Korea. A substantial share of their international trade [depends](#) on shipping routes that pass through this narrow passage. Notably, approximately 60% of China's global trade and 42% of Japan's transit through the strait. In contrast, only 14% of the United States' maritime trade volume goes through the Strait of Malacca. However, in the event of heightened naval tensions, the increased presence of military vessels could constrict commercial passage, forcing shipping lines to detour via the longer Lombok or Sunda Straits, leading to delays and increased costs.

Another notable example is the Bab el-Mandeb Strait, which links the Red Sea to the Arabian Sea and serves as a crucial exit point for Gulf oil heading toward Europe and Asia. Approximately 12% of global trade [transits](#) this corridor. Its geostrategic significance is amplified by its role as the southern gateway to the Suez Canal, making it indispensable for vessels transiting between the Mediterranean and the Indian Ocean. If Indian or Pakistani navies shift focus away from the region due to escalating tensions, actors such as Yemen's Houthi rebels or Somali pirates could exploit the power vacuum, intensifying threats to vessels transiting the Gulf of Aden.

The Strait of Hormuz is another significant case in point. The narrow waterway separating the Persian Gulf from the Arabian Sea is arguably the most vulnerable and strategically sensitive maritime chokepoint on the planet. More than 25% of the [global oil supply](#) passes through this narrow strait, making it indispensable for energy markets in Asia, Europe, and beyond. Its geopolitical sensitivity is compounded by its location adjacent to both Iran and Pakistan, two key regional actors with complex and often adversarial relationships with Western powers and with India, respectively. In the event of a broader South Asian conflict, particularly one involving India and Pakistan, the risk of Iranian involvement, either directly or through proxy actions, rises considerably. Even without direct conflict, the dense military presence and heightened alert levels in and around the strait increase the chances of miscalculation, accidental clashes, or preemptive strikes. The global oil market is

[highly reactive](#) to developments in the Strait of Hormuz. Even mere speculation or rumors about its potential closure, whether through blockades, naval incidents, or political brinkmanship, can trigger sharp spikes in oil prices, as seen during past episodes of regional tension involving Iran.

Among the most critically exposed sectors are energy and commodity flows, which face acute risks of interruption. India imports the majority of its oil and liquefied natural gas via sea routes near Pakistani waters. In wartime, these routes could be blockaded or targeted. As a precaution, Indian oil companies [have begun stockpiling](#) reserves and increasing imports. Being the world's [third-largest importer](#) of crude oil, India remains heavily reliant on foreign sources to meet its energy needs, with approximately 85% of its oil consumption met through imports. This tension [has already influenced](#) global markets, Brent crude prices rose modestly amid the crisis. Meanwhile, agricultural commodities like rice and sugar, critical exports from both India and Pakistan, [have experienced volatility](#) due to disrupted schedules and uncertain supply. India and Pakistan are among the world's top exporters of rice, with India being the largest and Pakistan the fourth-largest. Analysts [have already warned](#) that any prolonged conflict between India and Pakistan could choke off vital rice supplies or drive up prices, posing a significant risk to food security in the region.

In addition to physical disruptions, digital vulnerabilities have emerged as a potent non-kinetic dimension of the conflict. Since its onset, a series of systemic cyber incidents targeting Indian digital infrastructure [have been reported](#), accompanied by reciprocal attacks on Pakistani systems. While many of these incidents involved symbolic defacements, critical components of the transportation ecosystem, such as port management software, cargo databases, and vessel navigation networks, [remain highly vulnerable](#) to crippling cyberattacks. A successful breach of any of these nodes could paralyze port operations and disrupt communication channels.

Moreover, recent escalations between India and Pakistan have led to significant disruptions in maritime activities near Karachi. India has significantly escalated its naval posture amid rising tensions with Pakistan. The Indian Navy [has deployed](#) its first indigenous aircraft carrier, INS Vikrant, off the western coast as part of a substantial maritime mobilization. This deployment was central to Operation Sindoor, a strategic initiative aimed at demonstrating India's maritime strength and readiness. Historical precedents, such as [Operation Trident](#) during the 1971 Indo-Pakistani War, demonstrate India's willingness to employ maritime interdiction against Pakistan. In that operation, the Indian Navy launched a successful attack on

Karachi Port, causing significant damage to Pakistani naval assets and infrastructure. In response to the latest escalation, the Pakistan Navy has issued maritime warnings and conducted live-fire drills in the Arabian Sea, effectively restricting access to Karachi's port. These actions [have raised concerns](#) among international shipping lines, prompting many to reroute vessels via longer paths, such as around Sri Lanka, to ensure the safety of their operations. This rerouting has resulted in delays in shipments and increased shipping costs

The conflict also poses a serious threat to broader geoeconomic strategies, particularly China's Belt and Road Initiative (BRI). Among the most vulnerable components is the [China–Pakistan Economic Corridor \(CPEC\)](#), a flagship \$46+ billion infrastructure project linking China's Xinjiang region to Pakistan's Gwadar Port. A significant portion of CPEC traverses Pakistan-administered Kashmir, a longstanding point of contention with India. Escalation of hostilities could place Chinese personnel, assets, and infrastructure at serious risk, potentially compelling Beijing to reassess its strategic commitments in the region. In response, China may expedite the development of alternative overland routes through Iran or reinforce security around critical projects within Pakistan. Meanwhile, India's promotion of rival corridors, such as the INSTC, Chabahar Corridor and emerging India–Israel–Europe trade initiatives, has gained renewed traction. These alternatives not only offer strategic workarounds to BRI-aligned pathways but also deepen the geoeconomic rivalry between New Delhi and Beijing. In this context, the South Asian crisis is evolving into a broader contest over the control and future of global trade routes.

This volatility also threatens the viability of emerging trade initiatives, most notably the [India–Middle East–Europe Economic Corridor \(IMEC\)](#). Although strategically designed to bypass Pakistan, IMEC's long-term success remains contingent on regional stability in South Asia. Sustained tensions could deter foreign investment, inflate insurance premiums, and disrupt operations at critical Indian ports such as Mundra and Nhava Sheva. Delays or cancellations of key projects would undercut India's aspirations to position itself as a global logistics hub and a credible alternative to China's BRI. It is worth mentioning that the project, initially [launched](#) under the Biden administration and later [endorsed](#) by former President Donald Trump, has received bipartisan support in Washington as a counterbalance to Chinese influence, particularly through the BRI. Trump has highlighted IMEC as a strategic corridor that advances U.S. geopolitical and economic interests by enhancing connectivity between India, the Middle East, and Europe. For IMEC to succeed, both physical

connectivity and investor confidence must be secured, yet both are increasingly imperiled by the persistent friction between India and Pakistan.

Heightened military mobilization by India and Pakistan may also indirectly impact maritime and port operations linked to the [International North–South Transport Corridor \(INSTC\)](#). India’s major western ports, like Mumbai or Mundra, crucial entry points for the INSTC, could experience disruptions due to increased naval deployments or heightened security protocols. Even minor maritime disruptions at these key entry points can cause bottlenecks for INSTC operations. Prolonged tensions might prompt INSTC-involved states to recalibrate their strategic and diplomatic priorities. If India shifts focus heavily toward immediate security concerns involving Pakistan, long-term initiatives like the INSTC might receive less diplomatic attention, weakening momentum and potentially stalling operational enhancements. In short, although the INSTC does not directly traverse contested regions between India and Pakistan (unlike CPEC) or rely as heavily on regional peace (as IMEC), the broader regional instability and strategic uncertainty emanating from intensified Indo-Pakistani tensions still pose significant risks to its smooth operation and growth potential.

In summary, the escalation of India–Pakistan tensions in 2025 exposed the fragility of global logistics networks in an era defined by complex interdependencies and mounting geopolitical risks. From maritime chokepoints to cyber infrastructure, and from energy flows to emerging trade channels, the ripple effects of regional conflict in South Asia now extend far beyond its borders. This crisis is not merely a bilateral flashpoint; it serves as a critical stress test for the resilience of transnational supply chains and the credibility of ambitious connectivity projects, from the China-led CPEC to the Western-backed IMEC. As strategic competition intensifies and risks multiply across the Indo-Pacific, preserving the stability of global trade and transit routes will depend on more than just military deterrence or diplomatic posturing. Preserving the Indo-Pacific’s role as a hub of global commerce will require both tactical adaptation by industry and strategic coordination among states. Only through a dual approach, resilient logistics planning, and robust geopolitical cooperation can the free flow of trade in this vital region be maintained.

Author: Vusal Guliyev, Expert at the Center of Analysis of International Relations