

EDITORIAL HIGHLIGHTS

07-07-2026

GS 2: INTERNATIONAL RELATIONS THE HINDU

PAGE: 06

BRICS nations call for stronger ties to curb drug trafficking

The Hindu Bureau
GUWAHATI

Representatives of member countries, who converged in Guwahati for the two-day BRICS Heads of Anti-Drug Agencies' Meeting, 2026, on Monday emphasised the need for stronger international cooperation to combat drug trafficking.

An intergovernmental organisation of major emerging markets and developing countries, BRICS initially comprised Brazil, Russia, India, China, and South Africa. It expanded to include Egypt, Ethiopia, Iran, Saudi Arabia, the UAE, and Indonesia.

These countries represent almost half the global population, and more than 40% of the world's Gross Domestic Product.

Lucas Barbosa of Brazil's Ministry of Foreign Affairs lauded India for hosting the event. "The BRICS anti-drug working group has a long history of cooperation, and we intend to strengthen collaboration in law enforcement and intelligence sharing further. Drug trafficking is a transnational threat that requires coordinated action by all member countries,"



National flags of the BRICS countries. AP

he told journalists.

Anurag Garg, Director-General of the Narcotics Control Bureau (NCB), said the impact of drug abuse was a factor behind India hosting the heads of anti-drug agencies from the BRICS nations for the first time.

International scourge

"Drugs have become an international scourge. Our youth is getting involved in drugs, and it is a problem that different nations have to fight together," he said, adding that the delegates would focus on emerging challenges in narcotics enforcement, including dark-net marketplaces, cryptocurrencies for illicit transactions, and maritime routes for drug trafficking.

Diamond jewellery among payloads to be launched by Vikram-1 rocket

Hemanth C.S.

BENGALURU

A diamond jewellery creation mounted on an aluminium base plate and a miniaturised artwork cast in the shape of a rocket using 18K gold are among the payloads which will be launched by India's first privately developed orbital-class rocket, Vikram-1. It is expected to be launched some time between July 12 and August 4.

Skyroot Aerospace on Monday announced that the orbital launch vehicle will carry six payloads.

The rocket will carry technology demonstration payloads from Graaha Space, Dcubed, and Skyroot's own SCOPE. Also aboard will be the Embrace payload, developed by Cosmoserve Space.

During the mission, the robotic arm will remain attached to Vikram-1's payload deck while carrying



Vikram-1, India's first privately developed orbital-class rocket, is expected to be launched soon. PHOTO FOR REPRESENTATION

out its planned demonstration.

Tribute to visionaries

In addition to the technology demonstration payloads, Vikram-1 will carry two payloads celebrating creativity and India's scientific heritage. These include Cosmic Bloom, developed by Cosmos Diamonds, featuring a diamond jewellery creation mounted on an aluminium

base plate, and Microart by Ajay Kumar Mattewada, an 18K gold rocket holding micro-sculptures of Sir C.V. Raman, Dr. Vikram Sarabhai, and Dr. A.P.J. Abdul Kalam – each smaller than a grain of rice.

The artwork pays tribute to three visionaries whose pioneering contributions continue to inspire India's scientific and space journey.

There will be one inter-

national payload developed by Dcubed GmbH, Germany.

"India's space sector is witnessing a remarkable phase of innovation and entrepreneurship. Missions like Vikram-1 are helping expand opportunities for emerging space companies to demonstrate and scale their technologies," said Ramesh Kumar V., co-founder and CEO, Graaha Space, whose nano-satellite, SOLARAS, will be a part of the mission.

"Mission Aagaman gave us a platform to rapidly send our systems to space and test them. Through this mission with Skyroot, we accelerated our soft-robotic capture technology from concept to flight-ready in just four months, advancing the space debris removal capabilities being developed at Cosmoserve Space," said Chiranjeevi Phanindra, founder and CEO of Cosmoserve Space.

GS 2: POLITY

INDINA EXPRESS PAGE: 8

In India, voting cannot remain merely a statutory right

Recently, a Congress leader revived an old constitutional debate by demanding that voting should be recognised as a fundamental right. At first sight, the demand appears unexceptionable. In a democracy, what could be more fundamental than a citizen's right to choose those who govern? Yet, for more than seven decades, the Supreme Court of India has consistently held that the right to vote is not a fundamental right but merely a statutory right.

This judicial position, though well established, has become increasingly difficult to reconcile with the Court's own evolving jurisprudence. In a series of landmark decisions, the Court has gradually transformed the voter from a passive statutory creature into an active constitutional actor.

The result is a curious paradox: while the act of voting itself continues to be described as statutory, many of its essential facets have already acquired constitutional protection.

The traditional position dates back to *N.P. Ponnuswami vs Returning Officer* (1952), where the Court held that the right to vote and the right to contest elections are not common law rights but rights created by statute. The principle was reaffirmed in *Jyoti Basu & Others vs Debi Ghosal & Others* (1982), where Justice O. Chinnappa Reddy observed that the right to elect, "fundamental though it is to democracy", is neither a fundamental right nor a common law right, but "purely a statutory right". A Constitution Bench reiterated this position in *Kuldip Nayar vs Union of India* (2006), holding that while democracy forms part of the basic structure of the Constitution, the individual right to vote flows from legislation, principally the Representation of the People Acts.

The logic behind this approach is understandable. The Constitution does not expressly enumerate the right to vote among the fundamental rights contained in Part III. Parliament, therefore, enjoys considerable latitude in prescribing qualifications, disqualifications and procedures governing elections.

However, the story does not end there.

Constitutionalising the poll process

Beginning in the early years of this century, the Court embarked upon a process of constitutionalising the electoral process. In *Union of India vs Association for Democratic Reforms* (2002), the Court held that voters have a right to know the criminal antecedents, educational qualifications and financial assets of candidates. This right was located squarely in Article 19(1)(a), the fundamental right to freedom of speech and expression. The Court reasoned that meaningful participation in democracy is impossible unless voters are adequately informed.



S.Y. Quraishi

Former Chief Election Commissioner of India and author of 'An Undocumented Wonder: The Making of the Great Indian Election'

The right not to vote enjoys constitutional protection; paradoxically, the right to vote does not

A year later, in *People's Union of Civil Liberties vs Union of India* (2003), the Court drew an important distinction. While reiterating that the right to vote is statutory, it held that the freedom of voting – that is, the freedom to make an informed choice – is a fundamental right protected by Article 19(1)(a).

The most intriguing development came in the 2013 *NOTA* judgment. Recognising the option of "None of the Above", the Court held that a voter's decision to reject all candidates is a form of political expression protected by Article 19(1)(a). The Court further held that secrecy of the ballot must extend even to those who choose not to vote for any candidate.

This produces an extraordinary constitutional anomaly. The Court has effectively held that the right to know is fundamental, the freedom to make an informed choice is fundamental, the secrecy of the ballot is fundamental, and even the right to reject all candidates is constitutionally protected. Yet, the act of voting itself continues to be treated as a mere statutory entitlement.

One is tempted to ask: if the Constitution protects the right to reject all candidates, why does it not protect the right to choose one?

Recent constitutional jurisprudence also points in this direction. In *Anoop Baranwal vs Union of India* (2023), Justice Ajay Rastogi, in his separate opinion, expressly favoured recognising voting as a fundamental right. Although this view did not command a majority, the Constitution Bench repeatedly referred to voting as a constitutional right rather than merely a statutory one. This marks an important shift in judicial understanding. The Court may not yet have elevated voting to the status of a fundamental right, but it has undoubtedly moved beyond the narrow statutory conception that dominated earlier decisions.

The anomaly becomes even more striking when viewed through the prism of the basic structure doctrine. Since *Kesavananda Bharati vs State of Kerala* (1973), the Court has repeatedly held that democracy forms part of the Constitution's basic structure. In *Indira Nehru Gandhi vs Shri Raj Narain & Anr.* (1975), the Court underscored that free and fair elections are an essential feature of democracy. Subsequent decisions have consistently reaffirmed this principle.

Democracy begins with votes

But democracy does not exist in the abstract. It operates through elections, and elections derive their legitimacy from the participation of citizens through the ballot. The vote is the very instrument through which popular sovereignty is exercised. It is through the vote that "We, the People" periodically renew the legitimacy of the state and hold governments accountable.

If democracy is a part of the Constitution's

basic structure, and if free and fair elections are indispensable to democracy, it is difficult to explain why the citizen's right to vote should remain outside the constitutional core. To say that democracy is basic to the Constitution while the citizen's vote is merely a statutory right appears incongruous. A democracy without voters is inconceivable.

This does not necessarily mean that every aspect of voting should be elevated into an absolute fundamental right immune from regulation. Parliament must continue to prescribe qualifications, disqualifications and procedures necessary for the conduct of elections. Age requirements, electoral rolls, residency conditions, disqualifications for corrupt practices and other regulatory provisions are indispensable for orderly elections.

What requires constitutional recognition is not every procedural detail but the core right of every eligible citizen to participate in the democratic process.

This becomes particularly evident when one examines Article 326 of the Constitution. The Article mandates that elections to the Lok Sabha and State Legislative Assemblies shall be based on universal adult suffrage. Every citizen above the age of 18 is constitutionally entitled to be registered as an elector, subject only to narrowly defined disqualifications. The source of this entitlement is not legislation but the Constitution itself. The Representation of the People Acts merely operationalise that constitutional command.

Thus, while the mechanics of voting may be statutory, the citizen's entitlement to be a voter flows directly from the Constitution. Exclusion from the electoral roll, except in accordance with constitutionally permissible limitations, therefore, strikes at a constitutional guarantee.

A matter for the Court to revisit

The distinction between statutory and constitutional rights may have served a useful purpose in the early years of the Republic, when electoral jurisprudence was still in its infancy. But the Court's own decisions have steadily blurred that distinction by progressively constitutionalising various facets of voting.

Perhaps the time has come for the Court to revisit an old doctrine. In a Constitution where democracy and free and fair elections constitute the basic structure, the citizen's vote cannot remain a constitutional orphan. The ballot is not merely a statutory privilege conferred by Parliament. It is the instrument through which popular sovereignty is expressed and the Republic periodically renews its democratic legitimacy.

After all, if the Constitution protects the right to reject every candidate, it can scarcely deny protection to the right to choose one.

GS 3: SCIENCE AND TECHNOLOGY THE HINDU

PAGE: 08

AI governance and a voice for the Global South

In February 2026, India hosted the India AI Impact Summit 2026, that sought to put the needs and challenges of the Global South at the centre of the Artificial Intelligence (AI) discourse. The summit's themes framed by India were rooted in the contextual realities of the Global South with a focus on real-world harms. This was a departure from the previous summits (at Bletchley Park, 2023, U.K.; Seoul 2024, and Paris 2025) that prioritised both catastrophic and existential risks over questions of present harms, equity and inclusion.

As the Summit evolved, the political and policy momentum shifted toward raising capital for AI development in India and accelerating adoption through domestic use cases. In this process, India increasingly began to position itself within the newly framed "middle power" discourse, at the cost of Global South solidarity which underpinned the Summit's original vision. India clarified this stance by joining Pax Silica, signalling strategic alignment with the United States-dominated semiconductor supply chain. As part of the agreement, India agreed to adopt a pro-innovation regulatory approach, thereby compromising its pursuit of strategic autonomy.

Middle power dilemma

This repositioning of India's geopolitical character, as a middle power, has left it in a lonely corner. The middle power narrative is diplomatically attractive but strategically uneasy. India's aspirations to be positioned alongside European and Asian countries such as Japan, which do not consider India a peer in technological capability or economic development, is also in dissonance with its colonial past and low per capita – realities that firmly anchor India within the Global South.

Accompanying the friction between India's ambition and its realities is the U.S.'s foreign policy push for global AI adoption of U.S. tech, bringing into question whether it will be a reliable



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India faces a choice between dependency and leadership in AI governance

partner in the AI adventure to India. The U.S. has declared its disinterest in AI governance, especially global multilateral or multistakeholder governance. This raises fundamental questions for India and the Global South on concentration of infrastructure, and economic power in the U.S. Will this be a repeat of the social media story – when U.S. foreign policy pushed back against regulating for user harms to safeguard the interests of social media platforms concentrated in the U.S.? Furthermore, economic value primarily accrues to American industry despite significant business and users outside its borders, while disproportionate externalities and harms also persist in domestic markets.

Pertinent issues

In the AI story, numerous questions arise. Will India mainly be a consumer of U.S. tech with Indian users bearing disproportionate harm? Will India be a site for extraction of data, labour for data labelling, minerals for manufacturing, and land, water, electricity and resources for data centres, primarily enabling the growth of American Big Tech?

Since the summit in February, India has sanctioned land for data centres displacing communities, triggering protests. There are no meaningful guardrails to protect local communities as American companies scrape public content to build language and indigenous knowledge datasets. The non-profit ecosystem is signing memoranda of understanding to diffuse AI and adopt use cases. However, fundamental AI innovation has been slow – India remains unable to compete with global foundational models, its semiconductor development is focused on low-value assembly and there is a question of adequate capital to invest and grow the national AI ecosystem.

But perhaps all is not lost for India. The first of a two-part UN Global Dialogue on AI is underway in Geneva (July 6-7, 2026). Stakeholders will

convene to discuss how the multilateral and multistakeholder ecosystem can come together to collectively define the rules for the governance of AI.

A window for leadership

India can use the opportunity to stitch together a fractured AI policy agenda that currently lacks a leader. It remains one of the few countries with the political heft, the technical capacity, and a diverse market to play this role. Rather than positioning itself merely as a destination for investment or a market for AI, India could reassert a vision of technological development rooted in public purpose, user safety, strategic autonomy, and international cooperation.

India should reiterate the need for international norms that empower Global South countries to focus on building local AI ecosystems and fostering innovation, safeguarding users, enhancing regulatory capacity, enabling skilling and developing domestic infrastructure. It should also advance critical debates on competition and consumer protection and ensure economic value accrues within national markets.

Concurrently, India must create pathways for international cooperation on AI within the Global South. The Geneva dialogue is a critical moment for Global South countries to come together to enable enhanced agency and strategic autonomy.

This requires developing innovative approaches to pool capacity and resources including cooperation on data, compute, interoperable standards and shared protocols and governance, and strengthening institutional capacity both regulatory and technical across the Global South.

As heterogeneous as the Global South is, it can be a counterweight to the hegemony of Big Tech. India can lead this march to ensure that shared governance norms are created and benefits are shared with the people in the Global South, appropriately protecting them from harm.

GS 2: POLITY

THE HINDU PAGE: 10

Can Bar Associations refuse to represent an accused?

What has the Supreme Court said about Bar resolutions denying legal representation?

LETTER & SPIRIT

Rizmi Lila M.

The story so far:

The Faizabad Bar Association's resolution to not represent the accused in the Ayodhya Ram Temple embezzlement case has prompted the question of whether a Bar Association could collectively decide not to represent a particular accused.

What is the Supreme Court's take? The Supreme Court has consistently held that every accused has the right to fair trial and legal representation and it is illegal, unconstitutional and contrary to professional ethics to deny that right.

In a Supreme Court judgment in 2010, *A.S. Mohammed Rafi v. State of Tamil Nadu*, the case arose out of a confrontation between lawyers and police personnel in Coimbatore.

Following the incident, a local Bar Association passed a resolution that none of its members would represent the accused police personnel. A Division Bench of Justices Markandey Katju and Gyan Sudha Misra held that such resolutions by Bar bodies were "wholly illegal, against all traditions and professional ethics".

The court declared in the judgment that "all such resolutions of Bar Associations in India are null and void and the right-minded lawyers should ignore and defy such resolutions if they want democracy and rule of law to be upheld in this country".

What is the accused's right to be defended?

Article 22(1) of the Constitution guarantees that no arrested person shall be denied the right "to consult, and to be defended by, a legal practitioner of his choice". Article 14 provides for equality before the law and equal protection of the

laws within the territory of India.

The Supreme Court has recognised the right to a fair trial as an integral part of the right to life and personal liberty under Article 21.

Article 39A, a Directive Principle of State Policy, further requires the State to ensure that the legal system promotes justice on the basis of equal opportunity and that no citizen is denied access to justice because of economic or other disabilities, including through free legal aid.

What do the Bar Council of India Rules say?

The 'Standards of Professional Conduct and Etiquette' chapter of the Bar Council of India Rules says that "an advocate is bound to accept any brief in the Courts or Tribunals or before any other authorities in or before which he proposes to practise at a fee consistent with his standing at the Bar and the nature of the case. Special circumstances may justify his refusal to

accept a particular brief."

However, the Uttarakhand High Court in *Kuldeep Agarwal v. State Of Uttarakhand And Others* (2019) clarified that "special circumstances mentioned in Clause II, justifying refusal of an advocate to accept a particular brief, refers, by the use of the word "his", to the advocate in his individual capacity, and not to the Bar Association whose members are advocates".

Have such resolutions been passed before?

Yes. Following the 2008 Mumbai terror attacks, a Bar resolution opposed legal representation for arrested terrorist, Ajmal Kasab. The legal aid lawyer initially assigned to him declined to appear, while another advocate who agreed to defend him faced political threats before a lawyer was eventually appointed under police protection.

After the December 16, 2012 Delhi gangrape case, lawyers at the Saket courts passed a similar resolution refusing to represent the accused. Likewise, lawyers declined to defend the accused in the 2019 Hyderabad veterinary doctor's rape and murder case.

How have courts dealt with such resolutions?

The Uttarakhand High Court had in 2019 declared null and void a resolution passed by the Kotdwar Bar Association

threatening to terminate the membership of any lawyer who represented an accused in the murder of an advocate.

In 2020, the Karnataka High Court criticised the Hubballi Bar Association after lawyers objected to advocates representing Kashmiri students accused of raising pro-Pakistan slogans. The Bench described the conduct of lawyers on the Dharwad court premises who prevented advocates from filing bail applications as "sheer militancy". It also indicated that such resolutions could amount to criminal contempt.

More recently, the Madras High Court in *Manikandan Nair v. State of Tamil Nadu* in 2025 reiterated that Bar Associations cannot formally or informally prevent advocates from appearing for any accused.

In the case of *J. Jayalalithaa v. State of Karnataka* (2014), the Supreme Court observed that "fair trial is the main object of criminal procedure and such fairness should not be hampered or threatened in any manner. Fair trial entails the interests of the accused, the victim and the society. Thus, fair trial must be accorded to every accused in the spirit of the right to life and personal liberty and the accused must get a free and fair, just and reasonable trial on the charge imputed in a criminal case".

Thus, the Supreme Court has consistently held that the right to legal representation is a core feature of a fair trial.

GS 3: ECONOMY & AGRICULTURE

THE HINDU PAGE: 10

Will El Niño weaken India's economy?

How could a weak monsoon affect farm output, inflation and economic growth? Why does El Niño remain a major risk for India's economy? How have past El Niño years affected agriculture and inflation? Is India's irrigation and water storage system prepared for another weak monsoon?

ECONOMIC NOTES

V. Nivedita

The story so far:

After the first month of this year's monsoon ended in a massive 40% deficit, the India Meteorological Department (IMD) has forecast that rainfall in July will also be "below normal" or less than 94% of what is usual for the month. "Below-normal rainfall can pose significant challenges for agriculture, water resources, hydropower generation, ecosystem sustainability, and drinking water availability," the agency warned. The outlook for July comes on the back of weak rainfall in June. This comes weeks after Union Agriculture Minister Shivraj Singh Chouhan sounded the alarm, warning about the impact of a potential 'super' El Niño.

How could a poor monsoon damage India's economy?

A poor monsoon can damage the economy in three ways: it affects agricultural output, reducing the sector's contribution to the economy; it hits rural income, denting aggregate demand; and it threatens to push up food prices, causing inflation.

India came into this kharif season from a position of strength – foodgrain output in 2024-25 jumped to 357.73 million metric tonnes, up 25.43 MMT from the previous year. A weak monsoon now puts that momentum at risk.

In a report, CRISIL notes that while paddy acreage is expected to expand in Punjab, Haryana and Bihar, maize acreage is expected to decline as farmers shift towards more remunerative crops. Farmers might also prefer pulses because of lower cultivation costs and water requirements, and may choose not to plant vegetables at all. Irrigation, MSP, procurement support and market conditions also factor in the decision-making process.

This could trigger food and beverage inflation. In its June bulletin, the Reserve



Several of India's worst droughts fell in El Niño years – 1972, 1982, 2009, and 2015. FILE PHOTO

Bank of India warned: "An adverse south-west monsoon, if materialised, may weigh on the domestic growth-inflation outlook."

The report noted that daily price data up to June 18 showed food inflation continued to rise and the prices of edible oils, potatoes, onions and tomatoes edged up. A weak monsoon will only push them higher.

Agriculture accounts for only one-fifth of India's Gross Value Added (GVA) but employs 46% of the workforce and supports nearly 55% of the population. "It will have a direct impact on the lives of people," said Prof. R. Ramakumar, School of Development Studies, Tata Institute of Social Sciences.

Prof. Bharat Ramaswami, Department of Economics, Ashoka University, believes farm incomes could fall by up to 10%. "The rural non-farm sector consists mostly of non-traded services such as construction. These sectors contract when agriculture is adversely affected. Industries that depend on rural demand will be affected," he said.

This stress moves into the wider economy. Automobile sales are a reliable early signal; two-wheelers and tractors are among the first sectors to feel the squeeze, followed by real estate in smaller towns and cities. Kotak Mutual Fund, in a blog, has noted that a combined El

Niño-plus-drought scenario may shave 20-65 basis points off GDP growth. Compounding the pressure are pests and fertilizer supply constraints caused by the Iran war.

The Union Cabinet approved a ₹41,533 crore Nutrient-Based Subsidy for Phosphatic and Potassic fertilisers for the kharif season, covering 28 grades. If output still falls short, the government will have to release buffer stocks and import commodities, widening the Current Account Deficit and putting pressure on the rupee.

India's agri-exports face a threat too. "Agriculture exports have clocked a CAGR of 8.2% between fiscals 2020 and 2025, contributing 12% to India's core exports," said Dipti Deshpande, Principal Economist, CRISIL.

How did El Niño impact the economy?

Several of India's worst droughts fell in El Niño years – 1972, 1982, 2009, and 2015. "In the 11 instances of below-normal or deficient monsoon performance at an all-India level since 2000, six were classified as El Niño years by the IMD. Of these, five saw deficient rainfall," Ms. Deshpande said.

The 2009 and 2015 failures illustrate the different impact poor monsoons can have on the economy. "Two subsequent

years of rainfall stress and all-India average irrigation cover less than 45%, caused agriculture output to suffer – crop GVA contracted 2.5% and 3.2% in fiscals 2009 and 2010, respectively. Inflation was in double digits," she said.

El Niño conditions moved from weak to strong in 2014 and 2015, and both years saw monsoon disruptions. Crop GVA contracted, but the impact on inflation was different.

Unlike 2009, when food inflation spiked, inflation was rather muted in 2015 due to proactive food management, restrained MSP hikes, and a global commodity price slump, which kept inflation muted despite the monsoon failure, Ms. Deshpande noted.

Can India 'drought-proof' the economy?

Mr. Chouhan's presser raised an important data point: 315 districts are vulnerable to a poor monsoon, of which 111 across 12 States are of primary concern due to poor irrigation facilities.

On July 2, storage levels across the 166 reservoirs monitored by the Central Water Commission stood at 47,725 BCM, against 78,077 BCM in the corresponding period last year, and below the normal storage of 48,402 BCM for this time of year. While the system can provide water to meet requirements, a poor monsoon could strain it.

"A second successive bad weather will be more damaging," Prof. Ramaswami said, adding that irrigation is crucial in adapting to water stress due to climate change.

India needs to 'drought-proof' its economy, said Prof. Ramakumar. He said the country must move from crop insurance to ex-ante risk reduction. "We need to pay attention to policies and interventions that reduce risk itself. That requires public investment, and that's lacking," he said. He added that India needs enough drought-resistant, high-yielding crops, and that farmers must have access to them. "We have not invested adequately in any of these, and hence our disaster preparedness is very poor," he said.

THE GIST

A weak monsoon and a potential super El Niño could reduce kharif output, depress rural incomes, fuel food inflation, slow GDP growth, and hurt exports.

Experts say India must move beyond crop insurance by investing in irrigation, drought-resistant high-yielding crops, and other risk-reduction measures, as prolonged rainfall stress could strain water storage and disaster preparedness.

GS 3: ECONOMY
THE HINDU PAGE: 13

World absorbs Iran war oil supply loss, but depleted stocks bring risks

Fears over gasoline and jet fuel supplies proved overblown; record storage releases, eased Chinese buying helped the market; thinned storage must be replenished, poses risk of more price spikes; at Brent prices, it would likely cost over \$70 billion to replace reserves drawn to mitigate war loss

NEWS ANALYSIS

Reuters
LONDON

The world has absorbed with surprising ease the loss of over a billion barrels of oil supply since the Iran war began, but, with long-term peace elusive and buffer reserves now drained, it still faces the looming risk of future price spikes.

Tehran's throttling of the Strait of Hormuz in response to the U.S. and Israeli attacks launched on February 28 fed fears of a catastrophic global energy crunch.

The ensuing four-month conflict did, indeed, create the biggest energy disruption in history, according to the International Energy Agency. At its worst, the headline supply loss was 14 million barrels per day.

But worries that Asia and Europe would run out of gasoline, diesel or jet fuel never materialised. And after peaking around \$126 per barrel in April – still some \$20 below the 2008 record – benchmark Brent oil prices are now lower than they were when the conflict began.

"This suggests traders viewed the disruption as serious but manageable, reflecting confidence in today's more resilient energy and economic systems,"



Hot spot: Tugboats guide the crude oil tanker Odessa after passing through Strait of Hormuz. REUTERS

said John Baffes, senior economist at the World Bank.

Since the oil crisis of the 1970s, World Bank data shows that oil intensity – a measure of the role oil plays in economic activity – has fallen by more than half in most advanced economies and roughly 20% in emerging and developing countries.

Beyond that structural shift, however, three specific factors have been responsible for forestalling the worst-case scenario during the Gulf crisis.

Saudi Arabia and the UAE found alternative routes to export. Asia, led by China, curtailed buying. And countries around the world likely pulled around one billion barrels of oil from their reserves, includ-



Since the oil crisis of the 1970s, World Bank data shows oil intensity – a measure of the role oil plays in economic activity – has fallen by more than half in most advanced economies

ing via an IEA-led record stocks release.

China eases pressure

When the war broke out China had nearly 1.4 billion barrels of oil stored, according to the U.S. Energy Information Administration. That was more than the 1.2 billion barrels held by all of the 32 members of the IEA combined, including the United States' 413

million barrels. China's rapid electric vehicle adoption in recent years along with flexibility in oil and petrochemicals output also helped, said Ilia Bouchouev, of the Oxford Institute for Energy Studies.

"They are managing the market a lot better than (the Organization of the Petroleum Exporting Countries) used to," said Bouchouev, a former head of derivatives trading at Koch-Global Partners.

The adjustments by China, the world's biggest oil importer, helped ease global demand pressure. And the IEA's scheme to release 400 million barrels of reserves provided further breathing room at a time when U.S. President Donald Trump was repeatedly stating an end to the war

Lost buffer risks

In reality, however, little is as it was before the war.

Even as Saudi Arabia, Kuwait, Qatar, Iraq and Bahrain resume production and exports, it will be years in some cases before they fully repair the damage to their energy infrastructure caused by Iranian attacks.

While prices may reflect expectations of a rapid return to pre-war supply levels, data on tanker traffic through the Strait of Hormuz tells a different, more pessimistic story.

And with the clock ticking on the 60-day ceasefire between Washington and Tehran, progress towards a final agreement to end the war has been achingly slow, with key questions –

including the fate of Iran's nuclear programme – still unresolved.

Meanwhile, there's the mammoth task of rebuilding global oil inventories.

The global economy weathered the shock by drawing down stocks at a record pace, according to IEA data, draining the very buffers designed to protect it from supply crises.

"It doesn't mean we can't operate without one, it just means that forward prices could be more prone to spikes," Bouchouev said.

That kind of volatility is costly. Every \$5 increase in oil prices adds roughly \$190 billion in annual costs to the global economy, according to Reuters calculations based on oil demand of 104 million barrels per day. Replenishing oil stocks, never cheap, has likely been made more expensive by the war.

Before the conflict, the European Central Bank had estimated 2027-2028 oil prices at \$63 to \$64 per barrel. That's now risen to an average of \$65 to \$75, according to an ECB report published in June.

At current Brent prices, it would likely cost more than \$70 billion to replace reserves drawn down to mitigate Iran war supply loss. But until that is done, the world is operating without a safety net in an environment still fraught with uncertainty.

GS 2: INTERNATIONAL RELATIONS INDINA EXPRESS
PAGE: 6

PRIME MINISTER BEGINS THREE-NATION TOUR

Defence, critical minerals on table at India-Indonesia meeting today

Shubhajt Roy
New Delhi, July 6

PRIME MINISTER Narendra Modi on Monday began a three-nation tour of Indonesia, Australia and New Zealand. He said the visit, from July 6-11, "will further strengthen India's Act East Policy, MAHASAGAR Vision as well as our outlook towards a free and open Indo-Pacific".

Modi, who reached Jakarta Monday afternoon, was received at the airport by Indonesian President Prabowo Subianto. The two leaders are expected to focus on bilateral cooperation in defence and maritime partnerships, critical minerals, food security and digital economy at their meeting on Tuesday.

"I'm touched by President Prabowo Subianto's gesture of welcoming me at the airport," Modi said on X. "In 2018, we elevated our relations to a Comprehensive Strategic Partnership, which has benefited our people. During this visit, President Prabowo Subianto and I will hold discussions aimed at adding even more momentum to this partnership across diverse sectors," he said.

While this is his fourth visit to Indonesia, it is the first bilateral visit since the elevation of ties to



Prime Minister Narendra Modi with Indonesia President Prabowo Subianto after arriving in Jakarta on Monday. ANI

a Comprehensive Strategic Partnership in May 2018. "President Prabowo and I will visit the Prambanan Temple complex at Yogyakarta. This will ensure closer cultural linkages between our nations," Modi said on X.

Sources said India's defence and security cooperation with Indonesia has seen increased

momentum and expanding scope through high-level visits, regular bilateral and multilateral exercises, and deeper defence industry cooperation, including the sale of BrahMos missiles.

As maritime neighbours, both countries adopted the Shared Vision of India-Indonesia Maritime Cooperation in the

E. EXPLAINED

Strong trade ties

Indonesia has emerged as India's second largest trading partner in ASEAN region with bilateral trade of US\$ 24.78 billion in 2025-26. Over 130 Indian companies are invested in different sectors in Indonesia.

Indo-Pacific in 2018. "The stationing of an Indonesian liaison officer at IFC-IOR (Information Fusion Centre - Indian Ocean Region) will give further impetus to our maritime domain awareness. India will also be earmarking slots for Indonesian cadets and officers at the National Defence Academy and Defence Services Staff College which will enhance defence capacity building," sources said.

On cooperation in critical minerals, officials said Indonesia dominates the sector, commanding roughly 21% of world's nickel reserves and ranking among the top global producers of copper, bauxite and tin. On trade and investments, officials said there are "strong synergies

between developmental visions of Viksit Bharat 2047 and Emas (Golden) Indonesia 2045".

The two sides will also work towards building resilient food security cooperation. Officials said several Indonesian delegations have visited India to learn from social welfare schemes like the PDS, fortified rice scheme and fertiliser subsidy reforms. Indonesia's free nutritious meals initiative is modelled on India's midday meal programme.

According to officials, India is set to commemorate the centenary of Rabindranath Tagore's visit to Indonesia in 2027.

From Indonesia, Modi will travel to Australia. "My visit will strengthen our Comprehensive Strategic Partnership and I shall, in my discussions with PM (Anthony) Albanese, take forward our relations in areas of defence and security, trade and investments, education and mobility, and people-to-people ties," Modi said on X. On his New Zealand tour he said on X, "I shall discuss with PM (Christopher) Luxon how to further enhance economic, trade and commercial engagements. India and New Zealand have committed themselves to strengthening bilateral trade and commercial ties with the signing of the FTA."