

03– 10 – 2024

News: Iran – Israel conflict

- Iran fired a salvo of ballistic missiles at Israel on Tuesday in retaliation for Israel's campaign against Tehran's Hezbollah allies in Lebanon.
- Iran has vowed to retaliate following attacks that killed the top leadership of its Hezbollah allies in Lebanon. The ring of missiles came after Israel said its troops had launched ground raids into Lebanon, though it described the forays as limited

History

- The Israel-Lebanon conflict has been marked by a series of wars and clashes, with the most notable of these conflicts being the 1982 Lebanon War, the 2006 Lebanon War.

Hezbollah

- Hezbollah plays a central role in the Israel-Lebanon conflict. Hezbollah is a Shiite militant group and political party based in Lebanon. Hezbollah was founded in the early 1980s, with support from Iran, following Israel's invasion of Lebanon in 1982.

- Hezbollah has grown into a powerful force in Lebanese politics and maintains a military wing that regularly clashes with Israeli forces. Israel views Hezbollah as a major security threat due to its military capabilities, leading to regular Lebanese skirmishes.

Israeli Invasions

- Israel has conducted several military operations in Lebanon. The most significant is the 1982 invasion. Israel Invasions in southern Lebanon has been initially driven by aim to destroy Palestinian Liberation Organization (PLO) in the 1990s and now against Hezbollah in recent years.

Global impacts of the escalation of Israel Lebanon war

Disruption the geopolitical realignment Process in Middle East

- Middle East in recent times has been witnessing geopolitical realignments from the Israel-Arab reconciliation to the Iran-Saudi détente. However, the recent Israel-Palestine conflict and Israel-Lebanon conflict has disrupted the peace and normalisation process in Middle East.

Middle East as the theatre of Warfare

- Middle East had been a theatre of War with Wars like Gulf War, Iraq war, 6 day war. The recent Israel-Palestine conflict has potential to become a full-blown war with involvement of foreign powers like US, EU. This has also made the region a theatre for proxy wars like US and Iran.

Disruption of the global connectivity projects and global transport routes

- The envisaged projects like India Middle East Economic Corridor (IMEC) have been disrupted by the prolonged conflict in West Asia. The escalation of the Israel Lebanon conflict endangers the strategic supply routes like the Strait of Hormuz and the Red Sea.

Disruption of the Global supply chains and increased Inflation

- The escalation of the conflict impacts the oil production and supply chain of goods. This will further increase global inflation, which has already been rattling the world economy.

Increased Radicalization in the Middle East

- The conflict could serve as a rallying point for extremist groups across the Middle East and beyond. Groups like al-Qaeda or ISIS might use the conflict as

an opportunity to recruit new members, by framing the war as a broader jihad against Israel and the West.

Impact of the Israel Lebanon Conflict on India

Impact on De-hyphenation and West Asia Policy

- India had been successfully implementing its de-hyphenation policy in the region. India's relation with both the Arab World and Israel has improved. However, the escalation of the Israel-Lebanon conflict puts India in a diplomatic tight spot, and affects India's de-hyphenation strategy in the region.

Increase in Inflation

- The escalation of the conflict into a full-blown Israel Lebanon war impacts the oil and gas production. Inflation in the country will further increase as India is heavily dependent upon imported oil and gas.

Depreciation of the Indian Rupee

- The conflict impacts the inflow of FPI and FDI in the Indian financial market. Increase in oil prices will further increase India's Current Account Deficit (CAD). All these will lead to depreciation of the Indian rupee.

Effect on the India Israel Trade

- Israel is a major defence and strategic partner of India. Involvement of Israel for a long period in the conflict will drastically reduce the trade between India-Israel. In FY23, India's total exports to Israel stood at \$8.4 billion, while India's imports from Israel were at \$2.3 billion.

Reduction of the remittances from West Asia and safety of Indian emigrants

- India has a large diaspora and emigrant population in West Asia. These are a source of large amount of remittance to India (~40 bn dollars). If the conflict turns into a full-blown war across the Middle East, India will be severely impacted. The remittances will plummet. Safe Evacuation of the Indian diaspora will also be a grave challenge.