

# The Price of War in West Asia: Some Random Thoughts on Its Human, Economic, Environmental and Geopolitical Costs

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## Abstract

West Asia—a cradle of civilisation, a strategic geopolitical pivot, and the world's primary hydrocarbon hub—has evolved into the twenty-first century's most volatile theatre of protracted warfare. From the historical Israeli-Palestinian impasse to the fractured landscapes of Yemen and Syria, the region has faced an unprecedented accumulation of systemic violence. The catastrophic destruction in Gaza following October 2023, coupled with the dramatic escalation of hostilities involving the United States, Israel, and Iran in early 2026, has forced a global reckoning. This article provides a comprehensive, multi-dimensional accounting of the staggering costs of these conflicts. It posits that the "price of war" transcends immediate casualties and physical ruin; it creates a "ripple effect" that destabilises global energy markets, ruptures supply chains, threatens food and fertiliser security, and erodes the international normative order. By synthesising data from multilateral institutions such as the IMF, World Bank, and the United Nations, alongside specialised reports from the Costs of War Project, this analysis traces the cascading economic fallout—including disruptions in the Strait of Hormuz and threats to global disinflation. Furthermore, it examines the asymmetric humanitarian crises and long-term environmental degradation. Specific emphasis is placed on the vulnerability of Asian economies, particularly India. The article concludes by advocating for a diplomatically led peace architecture to replace the failing multilateral frameworks.

**Keywords:** West Asia, Cost of War, Iran-Israel Conflict, Strait of Hormuz, Oil Prices.

## 1.0 Introduction

The contemporary landscape of West Asia is currently defined by a "grammar of war" that echoes the ancient, blood-soaked history of the Levant while simultaneously forging a path toward unprecedented global instability. This "historical echo" finds its roots in the Old Testament's Book of Kings, which depicts the fertile crescent between the Tigris and Euphrates as a perpetual crucible where empires rose and fell by the "fire and sword." Three millennia later, despite the region's status as the birthplace of law, agriculture, and the world's three great Abrahamic faiths, the fundamental logic of systemic violence remains hauntingly consistent. Today, this land sits atop nearly half of the planet's proven petroleum reserves, yet this wealth has not served as a shield against a relentless cycle of warfare and existential

suffering that has now reached a catastrophic global scale (**The Economist, 2026**). The early twenty-first century has catalysed this historical pattern into a qualitatively new and terrifying era of "Permanent War," transitioning from regional skirmishes to a "world-altering rupture." While the Hamas-led incursions of October 7, 2023, and the subsequent devastating military response in Gaza set the stage, the escalation has since cascaded into a broader theatre of state-on-state violence. This includes the Houthi-led maritime blockades in the Red Sea, the "Twelve-Day War" of June 2025, and the high-intensity military campaign against Iran that commenced on February 28, 2026. As **Zahidi (2026)** notes, these events have shattered the architecture of geopolitical alignments, radiating shockwaves that are actively reshaping global commodity markets and industrial supply chains far beyond the borders of the Persian Gulf (**Malhotra, 2026**). Defining the "Price of War" in this context requires a multidimensional calculus that transcends traditional fiscal ledgers, incorporating staggering human, economic, and ecological data points. The humanitarian toll is nearly incomprehensible, with reports indicating approximately 70,000 deaths in Gaza by late 2025 (**Sigrid-Kaag, 2025**) and the displacement of over 5.27 million people across the region (**Vine, Costs of War Project, 2025**). Economically, the regional "fiscal exhaustion" is evidenced by the **Flug (2025)** estimate of over \$69 billion in war-related expenditures, while the global economy reels from "macroeconomic shocks," such as the 55.0 per cent surge in Brent crude prices to \$112 per barrel in early 2026 (**Seshadri, 2026**). This systemic collapse is most visceral in Gaza, where real GDP per capita plummeted by 86.0 per cent, signalling a "lost decade" of development (**Ferid Belhaj, 2025**). Furthermore, the environmental degradation caused by modern kinetic warfare has emerged as a critical, albeit often overlooked, dimension; military operations in Gaza alone emitted an estimated 33.2 million tonnes of CO<sub>2</sub> equivalent (**Crawford et al.2026**). Ultimately, this analysis moves beyond the narrow prism of "military manoeuvres" to offer a wide-ranging reckoning of the true cost of these conflicts. It evaluates the erosion of institutional trust and the survival of a rules-based international order in a world where diplomacy is increasingly sidelined by iron and fire.

### 1.1 Historical Roots: Why West Asia Bleeds

The chronic instability of West Asia in the twenty-first century is not a spontaneous phenomenon but the maturation of deep-seated historical fissures, where the "grammar of war" in 2026 represents the culmination of century-old territorial disputes, colonial legacies, and ideological rivalries systematically exacerbated by global and regional actors (**Lee, 2022**). Understanding why this region "bleeds" requires a multidimensional analysis, beginning with the foundational trauma of the 1916 Sykes-Picot Agreement, which used "cartographic violence" to partition Ottoman territories into artificial British and French mandates, fragmenting ethnic populations like the Kurds and Druze into vulnerable minority statuses (**Encyclopaedia Britannica, 2026**). These colonial origins were compounded by contradictory promises, such as the Balfour Declaration, which sowed the seeds of the enduring Israeli-Palestinian conflict and established a pattern of non-inclusive borders that correlate with higher risks of civil strife and external disputes (**WDR, 2023; James M. Lindsay and Maximilian Hippold, 2026**). This impasse was further solidified by the 1948 and 1967 wars, creating a paradigm of displacement and occupation that the failed 1993 Oslo Accords could not resolve, eventually giving rise to militant factions and asymmetric warfare (**Ferid Belhaj, 2026**). By the 2023–2026 cycle, this crisis shifted qualitatively; Gaza, after years of blockade and economic isolation, became a "laboratory of instability" that triggered a regional "world-altering rupture" involving actors like the Houthis and Hezbollah (**Mukim et al.2026**). Paralleling this is the 1979 Iranian Revolution, which transformed the regional balance from a "cold peace" to a protracted

strategic rivalry, shifting Iran from a pro-Western ally of Israel to a regional challenger (**Parsi, 2007; Wikipedia, 2026**). While this friction was managed through proxy wars for decades, the direct military engagements of 2024–2026 marked the end of the "unofficial rules" of engagement, fueled by unresolved security dilemmas where every defensive posture was perceived as an existential threat (**Bin Huwaidin, 2026; Lee, 2023**). Finally, the geopolitical significance of West Asia remains inextricably linked to its hydrocarbon wealth, where historical events like the 1973 Oil Crisis echo in the 2026 closure of the Strait of Hormuz—a chokepoint managing 25.0 per cent of global seaborne oil (**ICRA, 2026**). For nations like India, a primary importer of regional energy and recipient of remittances, these historical tremors translate into immediate economic vulnerability, underscoring how the "bleeding" of West Asia is a systemic failure of the international normative order to resolve grievances that have finally reached a critical, explosive mass.

**The Legacy of Colonial Cartography: Artificial Frontiers and Fractured Identities:** The contemporary architecture of conflict in West Asia is inextricably linked to the colonial and post-colonial settlements of the early twentieth century, with the region's instability being largely a by-product of the 1916 Sykes-Picot Agreement, as noted in historical retrospectives by **The Economist (2024)** and **Prashad (2024)**. This secret pact between Britain and France, later institutionalised through the League of Nations Mandate system, imposed arbitrary "straight-line" boundaries across a landscape defined by deep ethnic, sectarian, and tribal nuances, serving as a mechanism for imperial administrative convenience rather than an expression of organic political community (**Barr, 2011**). These borders effectively divided tribal confederacies and separated religious groups from their traditional centres of gravity, while the British Mandate for Palestine became the epicentre for competing nationalist aspirations fueled by the "cartographic violence" of contradictory pledges: the **Hussein-McMahon Correspondence (1915–1916)** promising Arab independence and the **Balfour Declaration (1917)** supporting a Jewish national home (**Segev, 2000; Gharekhan, 2024**). This dual-track diplomacy planted the seeds of a century-long struggle, mirrored in the creation of modern Iraq, which forcibly integrated Sunni Arabs, Shia Arabs, and Kurds into a single territorial unit under a British-installed monarchy—a structural imbalance haunting the region's political economy to this day (**Obed et al. (2023)**). In the Levant, French administrative designs in Lebanon institutionalised sectarianism through a confessional constitution, while Syria's borders were carved in a manner that severed it from its natural economic hinterlands, prioritising the strategic requirements of external powers over indigenous aspirations and leading to a "failed state" architecture (**Gelvin, 2020**). The **United Nations Partition Plan of 1947** and the establishment of the State of Israel in 1948 marked a definitive rupture, celebrated by some as the fruition of Zionist dreams but memorialised by others as the Nakba (catastrophe), involving the dispossession of approximately 700,000 Palestinians (**Morris, 2008**). This event established the primary fault line for the region's enduring conflicts, from the wars of 1948, 1967, and 1973 to the invasion of Lebanon and the collapse of the Oslo Peace Process. As **The Indian Express (2026)** observes, the October 7, 2023, crisis and the subsequent regional conflagration are but the latest chapters in a narrative of elusive resolution, deeply rooted in the flawed cartography of a bygone imperial era.

**The Palestinian Question as the Original Wound:** The Palestinian question maintains a singular and indelible position within the political consciousness of the Arab and Islamic world and the broader Global South, evolving beyond a localized territorial impasse over the West Bank, Gaza, and East Jerusalem into a potent global symbol of resistance against colonial dispossession and racialized hierarchies (**Said, 1979; Alam Mukim and Sivan, 2024**). Every significant escalation in these territories generates profound

"ripple effects" that heighten anti-Western sentiment and destabilise diplomatic manoeuvres from Rabat to Jakarta (Prashad, 2024). Since October 7, 2023, this issue has returned to the vanguard of global discourse with a ferocity reminiscent of the 1967 conflict, driven by a magnitude of physical and societal erasure in Gaza that has fundamentally shocked international sensibilities. The (Steiner, 2024) estimates that the bombardment has generated over 37 million tonnes of debris, creating a multi-decadal public health crisis (Lageman2025), while satellite data indicates that 70.0 per cent of Gaza's building stock is damaged or levelled (Dardona et al., 2025; Gharekhan, 2026). Furthermore, the educational infrastructure has faced systematic collapse, with Lazarini (2025) reporting that 93.0 per cent of school buildings have been compromised. This unprecedented destruction has stripped away the veneer of the "status quo," forcing a global reckoning where reports from the (Sigrid Kaag, 2025) and the WDR (2025) argue that previous conflict management paradigms are now obsolete. Consequently, as underscored by Zahidi (2026), there is a renewed, urgent international imperative to pursue either a definitive two-state solution or radical new political frameworks capable of guaranteeing basic Palestinian rights, human security, and economic dignity (Seshadri, 2026).

**Oil, Power, and External Interventions:** The identification of massive petroleum deposits across the Arabian Peninsula, Iraq, and Iran during the early to mid-twentieth century fundamentally altered the strategic calculus of global powers toward West Asia, shifting interests from traditional imperial objectives-such as securing the terrestrial bridge to the Indian subcontinent and establishing strategic depth against Russia-to an overwhelming and permanent economic logic centered on energy (Yergin, 1991). By the mid-twentieth century, West Asian crude had become the cornerstone of Western industrial stability, and by the 1970s, it was equally indispensable to the rapid industrialisation of Japan, South Korea, and the burgeoning economies of wider Asia (Obstfeld and Peri, 2024). This concentrated petroleum wealth catalysed two divergent and often contradictory dynamics within the region: on one hand, it endowed the Gulf monarchies-including Saudi Arabia, Kuwait, and the United Arab Emirates-with unparalleled financial liquidity that facilitated expansive social welfare programs, massive military modernisation, and assertive foreign policies (Ferid Belhaj, 2025; Kapur and Pratap, 2026). Conversely, this "resource prize" attracted persistent and destabilising external interventions driven by the "energy security" doctrine. The historical record of the last seventy years illustrates this pattern, ranging from the CIA-assisted overthrow of Iranian Prime Minister Mohammad Mosaddegh in 1953 and the permanent US military footprint established after the 1979 Iranian Revolution to the 1990-91 Gulf War and the 2003 invasion of Iraq (Kinzer, 2003; Chomsky, 2003). Most critically, the 2026 US-Israeli campaign against Iran underscores the enduring geopolitical mandate to secure and regulate access to the world's most critical energy hub, a strategy that continues to prioritise global market stability over regional sovereignty and long-term domestic tranquillity (EPW, 2026; Seshadri, 2026).

**Sectarian Fault Lines and Proxy Warfare:** The contemporary instability of West Asia is underscored by a profound Sunni-Shia divide that, while rooted in early Islamic theological schisms, acquired intense political salience following the 1979 Islamic Revolution in Iran, fundamentally altering the regional security architecture by presenting a revolutionary Shia alternative to the conservative Sunni monarchies of the Gulf (Khalaji, 2024). Iran's strategic support for movements such as Hezbollah in Lebanon, paramilitary groups in Iraq, and the Houthis in Yemen-coupled with its ideological alliance with Sunni factions like Hamas-facilitated the rise of the "Axis of Resistance," a network perceived by Saudi and Israeli strategists as a direct existential threat (Mansour,2025; Bhardwaj, 2026). In response, Saudi Arabia's counter-strategy has historically utilised the support of Sunni political forces, the funding of

religious infrastructure across South and Central Asia, and the prosecution of a devastating war in Yemen against Houthi insurgents since 2015 (WDR, 2024; Gharekhan, 2026). This regional rivalry found its most tragic expression in the Syrian Civil War, which evolved into a complex proxy battleground involving global and regional powers-including Russia, the United States, and Turkey-each backing disparate factions for divergent ends. The catastrophic results of this interventionism include the functional collapse of Syria as a unified state and a displacement crisis of historic proportions, with over 12 million Syrians displaced either internally or abroad (Grandi, 2024). As observed by the **United Nations Research Observer (2025)**, this remains the world's most intricate humanitarian emergency, forming the essential structural backdrop for understanding the 2023–2026 escalations in Gaza and the direct military confrontations involving Iran (Zachariah, 2026; Parnell2026).

### 1.2 The Human Cost: Casualties, Displacement, and Suffering

The human ledger of conflict in West Asia between 2023 and 2026 represents a staggering accumulation of trauma that defies standard statistical categorisation, shifting the focus from strategic military gains to the pervasive erosion of human capital and the systematic destruction of social fabrics (Prashad, 2024). This scale of loss-encompassing direct combat fatalities, the slow attrition of famine, and the psychological scarring of multi-generational displacement-reached an inflexion point by 2026 that the **United Nations** characterises as the greatest humanitarian failure of the modern era. Direct mortality has surpassed all initial projections; in Gaza alone, reported deaths reached 70,000 by late 2025 (Abdelmoula, 2025), yet the "shadow count" of deaths from healthcare collapse, lack of potable water, and the blockade of medicines is estimated to be significantly higher (The Lancet, 2025). The February 2026 escalation between the US, Israel, and Iran introduced a new layer of lethality through high-intensity ballistic exchanges in densely populated urban centres, with civilian casualties in the first two months already rivalling the decade-long Iran-Iraq War of the 1980s (Gharekhan, 2026). Parallel to this is a crisis of forced displacement, where over 5.27 million individuals remain displaced across the Levant and the Persian Gulf as of early 2026 (Vine, Costs of War Project, 2025). This includes nearly 90.0 per cent of Gaza's population displaced multiple times (Lazzarini, 2025) and a "Third Wave" of transnational migration triggered by the Iran conflict that threatens to destabilise political consensus in Europe and strain transit nations like Jordan and Egypt (Grandi, 2026). Simultaneously, the systematic targeting of dual-use infrastructure has led to a total collapse of public health, rendering traditional sanitation obsolete and fueling the resurgence of eradicated diseases like polio and cholera (Lageman, 2026; WHO, 2026). This systemic failure is reflected in a 40.0 per cent surge in infant mortality since 2023 and the emergence of a "Lost Generation" of youth suffering from permanent cognitive and social impairment due to "toxic stress". Finally, the conflict has transformed fertile lands into an "agricultural graveyard," with Steiner (2026) reporting that 60.0 per cent of arable land in Gaza and Southern Lebanon is now contaminated. The resulting disruption of the Strait of Hormuz and Red Sea corridors has spiked global fertiliser and grain prices, pushing an additional 25 million people in the Global South into acute malnutrition (D de Waal and von Grebmer, 2026). Restoring the region's destroyed irrigation systems will now require at least two decades of peace and massive capital injection (Brahmanand et al. 2025).

**Gaza: Anatomy of a Humanitarian Catastrophe:** The human toll of the conflict in the Gaza Strip since October 7, 2023, represents a catastrophe that defies conventional metrics of modern warfare, with data from the Gaza Ministry of Health indicating nearly 70,000 fatalities and over 170,000 injuries by late 2025. The **International Displacement Monitoring Centre (Bilak,2025)** characterises the displacement

as near-total, while it has documented approximately 7.48 million displacement events, implying that every resident has endured an average of 3.70 forced relocations in an increasingly nomadic search for safety (Vine, 2025; Prashad, 2024). Parallel to this, human suffering is the absolute erasure of civilian infrastructure; 93.0 per cent of school buildings have been hit, and a total collapse of urban sanitation has occurred following the destruction of 73 sewage pumping stations and most wastewater treatment plants (Lazzarini, 2025; Wikipedia, 2026). Furthermore, Andersen (2024) reports that 38.0 per cent of Gaza's agricultural land and 7,500 greenhouses have been razed, creating 37 million tonnes of debris contaminated with asbestos—a lethal environmental "ecocide" that poses long-term public health risks. This crisis is exacerbated by a logistical blockade that has weaponised starvation, leading to a total depletion of food supplies by early 2025 and necessitating a \$4 billion humanitarian appeal (Fletcher, 2025). Beyond the physical ruin, the (WHO, 2026) warns of profound psychological scarring, particularly for half a million children facing generational traumatic stress, while the assassination of over 578 aid workers has made Gaza the deadliest location for humanitarian efforts (Gharekhan, 2026). Economically, Gatti et al. (2025) identify this collapse as among the most severe in history, with real GDP per capita in Gaza plummeting by 86.0 per cent between 2022 and 2024. Consequently, as noted by The Economist (2026) and the WDR (2025), the recovery trajectory is remarkably bleak, with projections suggesting it will take at least 13 years for Gaza to return to its fragile pre-crisis economic baseline (Seshadri, 2026).

**Lebanon, Syria, and the Ripple of Violence:** The "ripple effect" of the Israel-Gaza conflict has fundamentally destabilised the Levant, creating a geography of layered vulnerability across Lebanon and Syria where intense military exchanges between Hezbollah and Israeli forces along the Blue Line resulted in approximately 90,020 internal displacements by April 2025 (Bilak, 2025). This situation remains highly fluid, with Vitorino (2025) noting that many perceived "returnees" exist in a state of precarious mobility, unable to achieve permanent resettlement due to the systematic destruction of southern civilian infrastructure (Prashad, 2025). Such kinetic destruction has worsened Lebanon's pre-existing macroeconomic tailspin—categorised by Ferid Belhaj (2024) as one of the most severe global depressions since the mid-nineteenth century—as the disruption of tourism, trade, and remittance inflows pushes the state toward total institutional collapse (Seshadri, 2026). Simultaneously, Syria entered the mid-2020s already hollowed by a decade of civil war that caused over 500,000 fatalities and \$400 billion in damage (Abdulrahman, 2023; WDR, 2024). The nation's structural fragility reached a new zenith with the fall of the Assad regime in late 2024, triggering profound political uncertainty as rival factions contest territorial control and leaving millions of internally displaced persons in permanent limbo (Grandi, 2025). The onset of the 2026 Iran-Israel war has further compounded this crisis, with strategic strikes extending deep into Syrian territory and targeting the skeletal remains of civilian infrastructure (Gharekhan, 2026; Alam Mukim and Sivan, 2026). Consequently, as observed by Abdelmoula (2025), Syria represents the world's most complex humanitarian emergency, where the volatile intersection of regime change and regional conflagration renders recovery nearly impossible without comprehensive global intervention (Zachariah, 2026).

**Yemen: The Forgotten Famine:** Yemen represents the most marginalised dimension of West Asia's active conflicts, entering 2026 in a state of catastrophic humanitarian collapse that predates the Gaza crisis by nearly a decade. By December 2025, an estimated 21 million people—nearly two-thirds of the population—required urgent humanitarian assistance, with 18 million facing acute food insecurity (Abo Alasrar, 2026). This crisis has been severely exacerbated by a funding shortfall, where Rajasingham's (2026) operations received only 25.0 per cent of the required capital, and Steiner's (2026) was forced to

terminate 365 staff contracts in Houthi-controlled northern territories following the detention of 73 UN personnel and subsequent raids on international offices, effectively paralysing vital food security programming (UN Reports, 2026). Simultaneously, the strategic posture of the Houthis (Ansar Allah) underwent a radical transformation through its active intervention in support of Gaza; by initiating sustained attacks on Red Sea shipping lanes from late 2023 onwards, the group disrupted global maritime trade and evolved from a self-contained disaster into a pivotal regional security actor with significant global economic consequences (Hand, 2026). The fragile Saudi-Houthi peace negotiations, which had provided a glimmer of de-escalation in 2025, were plunged into renewed uncertainty by the outbreak of the Noman (2026). With new Iranian leadership and the Houthis' command signalling a willingness to intensify attacks on maritime traffic and Gulf interests, the "Yemen front" has become a central pillar of the wider West Asian conflagration (Alam Mukim and Sivan, 2026; Parnell, 2026). As noted by Gine and Ibrahim (2025) and Steiner (2026), the weaponisation of trade routes in the Bab el-Mandeb strait has not only deepened local starvation but has also increased the cost of grain and fertiliser for the entire Global South, rendering Yemen's "forgotten famine" a direct threat to international food stability (Gharekhan, 2026; Macau, 2026).

**Iran and the Cost of Direct Conflict: A Qualitative Escalation:** The joint military campaign launched by the United States and Israel against the Islamic Republic of Iran in early 2026, codenamed '**Operation Epic Fury**', represents a qualitative escalation of unprecedented global severity that commenced on February 28, 2026, with high-intensity precision strikes targeting Iranian leadership echelons, ballistic missile complexes, and nuclear-linked infrastructure (Wikipedia, 2026). A pivotal political consequence of this offensive was the confirmed death of Supreme Leader Ali Khamenei, which triggered a profound succession crisis and structural instability within the Iranian state. Iran's strategic retaliation involved deploying hundreds of loitering munitions and medium-range ballistic missiles, which were directed not only at Israel and U.S. bases but also at neighbouring Arab states such as Saudi Arabia, the UAE, and Qatar, effectively regionalising the conflict and threatening the collective security of the **Gulf Cooperation Council (GCC)** (Gharekhan, 2026; Kapur and Pratap, 2026). This military devastation resulted in catastrophic human and social costs; while strikes ostensibly targeted military-industrial nodes, they caused extensive collateral damage to hospitals, schools, and Persian heritage sites, leading to significant civilian casualties (Prashad, 2026). Domestically, this rupture was superimposed upon an economy already hollowed by decades of sanctions and hyper-inflation exceeding 40.0 per cent in 2025 (Zahidi, 2025). Consequently, Gine and Ibrahim (2026) and projections from Pravda Nigeria (2026) suggest an Iranian GDP contraction of 6.1 per cent in 2026, the most precipitous decline since 1988. This macroeconomic paralysis is driven by a functional standstill in oil exports due to infrastructure destruction, the freezing of sovereign assets abroad following the September 2025 activation of the UN "snapback" mechanism, and industrial attrition of power grids and refineries (Seshadri, 2026; Wami, 2026). As observed by Alam Mukim and Sivan (2026), the underlying reality of this geostrategic realignment is a burgeoning humanitarian disaster affecting 85 million people whose livelihoods have been sacrificed to the "grammar of war."

**The Psychological Price of Perpetual War: A Generational Trauma:** Beyond the immediate ledger of physical casualties and territorial displacement, the protracted nature of warfare in West Asia has etched a profound and enduring psychological imprint on its populations, catalysing a regional mental health crisis of unprecedented proportions. Research synthesized by the (Adhanom Ghebreyesus, 2024) indicates that approximately one in five individuals in conflict zones suffers from significant mental health

conditions, including clinical depression, acute anxiety, and Post-Traumatic Stress Disorder (PTSD), with rates in active combat zones across Gaza, Lebanon, Yemen, and Iran reaching even higher levels due to "toxic stress" (**Prashad, 2025; Gharekhan, 2026**). The psychological toll on children remains the most disturbing dimension of the 2023–2026 conflagration; while **Lazzarini (2025)** provided psychosocial support to over 500,000 children, the vast majority in the region remain outside formal mental health frameworks. Foundational research, such as that by **Qouta, Punamäki, and El Sarraj (2008)** and contemporary studies in **Rural Sociology (2025)**, suggests that chronic exposure to political violence alters brain architecture in developing children, manifesting as a permanent developmental deficit and a "cycle of trauma" that fuels future social instability (**Alam Mukim and Sivan, 2026; Macau, 2026**). Parallel to this is a significant societal rupture within Israel following the events of October 7, 2023—the most significant trauma for the Jewish people since the Holocaust. This event triggered the mobilisation of 350,000 reservists, removing 7.0 per cent of the national workforce and disrupting the state's communal fabric (**Yaron, 2025**). According to **Gine and Ibrahim (2025)** and **Seshadri (2026)**, this has led to a burgeoning public health crisis involving combat-related PTSD among returning soldiers, persistent survivor anxiety, and widespread workplace instability. Ultimately, as noted by **Pitroda (2026)**, the "price of war" is measured in the erosion of the human spirit, creating psychological scars that will persist as a "shadow conflict," shaping the regional political economy for decades to come (**Zachariah, 2026; Parnell, 2026**).

### 1.3 The Economic Price: Local, Regional, and Global Dimensions

The economic consequences of the West Asian conflicts between 2023 and 2026 represent a systemic shock that has fundamentally recalibrated the global financial landscape, shifting the world toward a "Permanent War" footing that has institutionalised volatility across energy markets, fiscal policies, and trade architectures. As noted in **Gourinchas (2026)** and **The Economist (2026)**, the economic price of this war transcends the destruction of physical assets, manifesting instead as a "compounding cost of uncertainty" that stifles global investment and accelerates geoeconomic fragmentation. Locally, the Palestinian economy has suffered a "total developmental reversal," with Gaza's real GDP per capita plummeting by 86.0 per cent due to the erasure of productive capacity and the West Bank experiencing a 33.0 per cent decline fueled by movement restrictions and the revocation of labour permits (**Ferid Belhaj, 2025**). This localised annihilation is mirrored by regional destabilisation, where **Yaron (2025)** estimates direct conflict costs exceeding \$69 billion—a figure that excludes indirect losses from the mobilisation of 350,000 reservists and a "brain drain" in the high-tech sector (**Zachariah, 2026**). Simultaneously, Lebanon's fragile recovery was aborted by the 2025–2026 escalation, leaving social services bankrupt, while Syria remains an economic vacuum following the 2024 regime collapse (**Seshadri, 2026; Gatti, Ozden and Torres, 2026**). Globally, the "Security-Energy Nexus" triggered a massive inflationary shock following the February 2026 escalation; Brent crude prices surged 55.0 per cent to \$112 per barrel amid credible threats to the **Strait of Hormuz**, a chokepoint for 25.0 per cent of seaborne oil (**ICRA, 2026; Shamsheer, 2026**). This energy crisis is compounded by the militarisation of the Red Sea, which forced a re-routing of trade around the Cape of Good Hope, increasing global shipping costs by 150.0 per cent and threatening the global disinflation narrative (**Zahidi, 2026; Hand, 2026**). Furthermore, as highlighted by the **D de Waal and von Grebmer (2026)**, disruptions in fertiliser exports have spiked input costs, heightening food insecurity across the Global South. Emerging economies like India face a particularly steep price due to strategic exposure, including potential "remittance shocks" from the diaspora in the

GCC and a widening trade deficit, where the 2026 energy shock threatens to shave up to 1.0 per cent off projected GDP growth (Alam Mukim and Sivan, 2026).

**The Macro-Economic Shock: Global Contraction and Asymmetric Vulnerability:** The economic fallout of the West Asian conflagration in 2026 represents a systemic recalibration of the global macro-financial equilibrium, radiating outward in interlocking waves that have permeated the world economy with a severity unseen since the 2020 pandemic. As documented in Gourinchas (2026), the baseline conflict scenario anticipates a global growth deceleration from 3.5 per cent in 2025 to 3.1 per cent in 2026; however, a "prolonged conflict" involving systematic damage to energy infrastructure or a blockade of the **Strait of Hormuz** threatens to plummet global growth to a recessionary 2.5 per cent (Alam Mukim and Sivan, 2026). The distributional consequences of this shock are profoundly asymmetric, exposing a "developmental divide" where Emerging Market and Developing Economies (EMDEs) face a steeper contraction-falling from 4.4 per cent to 3.9 per cent-compared to a more modest decline in advanced economies (Gatti, Ozden and Torres, 2026). Regionally, the impact is catastrophic: growth in the Middle East and Central Asia is expected to halve to 1.9 per cent, with epicentre economies like **Iran, Iraq, and Qatar** bracing for GDP contractions between 6.0 per cent and 9.0 per cent (Hand, 2026). This data reinforces a core axiom of contemporary conflict economics: while physical carnage is localised, resultant energy market volatility imposes a global "inflation tax" that disproportionately burdens energy-importing developing nations. Furthermore, the crisis validates IMF (2024) frameworks regarding "persistent economic scarring," where severe conflict typically results in a 2.0 per cent loss in real GDP per capita within the first year, cascading to a permanent 10.0 per cent loss after a decade. In West Asia, this scarring is exacerbated by the total erosion of "dual-use" infrastructure like power grids, a massive "brain drain" of skilled human capital, and a lingering "uncertainty premium" that paralyses Foreign Direct Investment (Zachariah, 2026). Ultimately, as noted by the National Knowledge Commission (2026), the 2026 shock is not merely a cyclical downturn but a structural realignment threatening to reverse a decade of developmental progress across the Global South (Seshadri, 2026).

**The Strait of Hormuz: World's Most Expensive Chokepoint:** The Strait of Hormuz serves as the definitive geographic focal point for the existential economic stakes of West Asian warfare, acting as a narrow 21-mile maritime artery that conducts approximately 20 million barrels of crude and one-fifth of global liquefied natural gas (LNG) trade daily in 2025 (Zahidi, 2026). Iran's strategic weaponisation of this chokepoint through its March 2, 2026, closure to Western-aligned shipping precipitated a crisis that the Bordoff (2026) identifies as a disruption surpassing any other energy market shock in modern history. The economic burden of this disruption is characterised by a stark "asymmetry of exposure," as over 80.0 per cent of transiting hydrocarbons were destined for Asian markets-specifically China, India, Japan, and South Korea (Gharekhan, 2026). The systemic vulnerability is exemplified by Japan, which relies on the Middle East for 90.0 per cent of its crude, and South Korea, which routes 95.0 per cent of its regional oil through the Strait and was forced to activate a 100 trillion won stabilisation program in response to the 2026 volatility (Kwon, 2026). Conversely, the United States imports negligible quantities through this route, creating a strategic imbalance where Asian nations endure the overwhelming share of economic fallout from a conflict involving the U.S. as a primary combatant. The logic underpinning Iran's closure is explicitly coercive: by imposing disproportionate costs on Asian manufacturing giants that were not party to the US-Israeli strikes, Tehran sought to leverage international diplomatic pressure to compel a U.S. de-escalation (Noman, 2026; Parnell, 2026). This calculation exploits a "triple threat" within the global trade architecture-direct energy inflation, logistical attrition via surging insurance premiums, and

the risk of industrial shutdowns due to supply uncertainty (OECD, 2026). Ultimately, as noted by **The Economist (2026)** and the **World Bank Research Observer (2026)**, the weaponisation of Hormuz represents the definitive stress test for the global energy transition, demonstrating that despite the rise of renewables, the "grammar of war" remains fundamentally dictated by oil and gas (Zachariah, 2026).

**Oil, Gas, and the Energy Shock: The Global Inflation Tax:** The energy price volatility triggered by the 2026 Iran conflict represents one of the most aggressive market shocks in modern history, with Brent crude oil prices surging 55.32 per cent from \$72.48 to \$112.57 within a single month (Wikipedia, 2026). Projections from the **World Economic Forum (2026)** suggest that a sustained blockade of the Strait of Hormuz could drive valuations to a catastrophic \$150 per barrel, functioning as a regressive "global tax" that disproportionately impacts oil-importing developing nations with limited fiscal resilience (Ferid Belhaj, 2026). This systemic disruption is underscored by the fact that 25.0–30.0 per cent of global oil and 20.0 per cent of liquefied natural gas (LNG) transit this chokepoint, leading to a "double squeeze" of input cost inflation and physical scarcity across Asia, Europe, and Africa (Gourinchas, 2026; Seshadri, 2026). Developing economies in South Asia and Africa are particularly vulnerable, facing energy rationing and industrial paralysis as they struggle to secure shipments even at inflated premiums (Gourinchas, 2026; Macau, 2026). For Europe, the conflict has ignited a secondary energy emergency reminiscent of 2022, as the suspension of Qatari LNG coincided with dangerously low storage levels—estimated at just 30.0 per cent capacity—driving the Dutch TTF gas benchmark to over €60/MWh by mid-March. The macroeconomic fallout was immediate: on March 19, 2026, the **European Central Bank (ECB)** postponed interest rate reductions, hiked inflation forecasts, and slashed growth projections (Lagarde, 2026). Analysts from **Obstfeld and Peri (2026)** and **Adityanje (2026)** now warn of a high probability of technical recessions in energy-intensive states if the blockade persists through the summer, while inflation in the United Kingdom is projected to breach 5.0 per cent due to the persistent instability in the Levant (Parnell, 2026; Gharekhan, 2026).

**Food Security, Fertilisers, and the Hunger Chain:** The systemic shock emanating from the 2026 West Asian conflict has fundamentally destabilised the global "hunger chain," proving that the "grammar of war" is written not only in oil but in the chemical composition of soil. Because energy inputs constitute approximately 70.0 per cent of the production costs for nitrogen-based fertilisers, the 2026 energy spike has cascaded with lethal velocity into agricultural markets, threatening a total developmental reversal in global food security (Wikipedia, 2026). Strategic projections indicate that nitrogen fertiliser prices are poised to double from their 2024 baselines, while phosphate valuations are expected to appreciate by 50 per cent, effectively pricing out small-scale farmers across the Global South (Alam Mukim and Sivan, 2026; D de Waal and von Grebmer, 2026). This crisis is exacerbated by the extreme geographic concentration of the nutrient supply chain; data from **Kpler and FAO Reports (2026)** reveal a structural dependency wherein Asian nations source 35.0 per cent of their urea, 53.0 per cent of their sulfur, and 64.0 per cent of their ammonia directly from the Middle East. With Qatar, Kuwait, and Iran collectively accounting for 45.0 per cent of globally traded sulfur, the maritime blockade of the **Strait of Hormuz** has essentially decapitated the global nutrient supply just before critical planting seasons (Macau, 2026; Bhardwaj, 2026). As warned by **Gatti, Ozden and Torres (2026)** and **Steiner (2024)**, this disruption is a primary driver of food inflation, eroding real incomes and accelerating poverty, most acutely in Sub-Saharan Africa and South Asia, where rising input costs correlate directly with acute malnutrition (Gaston et al. 2025; Parnell, 2026). Iraq represents a poignant case study of this precarious intersection; the suspension of Iraqi oil exports translates into a fiscal loss of \$6–7 billion per month, threatening a government revenue

stream that was 93.0 per cent oil-dependent in 2025 (Ferid Belhaj, 2026; Reuters, 2026). Crucially, Iraq's **Public Distribution System (PDS)**-the primary food safety net for 39 million people-is directly funded by these oil receipts. Consequently, as noted by FEWS NET (2025) and Husain (2026), the contraction of the energy market leads to a direct reduction in the state's capacity to maintain the food subsidies upon which 84.0 per cent of the population depends for basic nutrition. In this interconnected "hunger chain," the geostrategy of 2026 has transformed a regional war into a localised famine risk, demonstrating that in a rentier state, the price of crude is inextricably linked to the price of bread (Seshadri, 2026).

**Financial Markets, Debt, and Credit Conditions: The Geography of Risk:** The escalation of hostilities in West Asia has catalysed a systemic tightening of global financial conditions, creating a "feedback loop" that amplifies disruptions to the real economy. As inflationary pressures from surging energy costs permeate global markets, central banks have been forced into a prolonged hawkish stance, complicating monetary easing cycles and widening geopolitical risk premia (Gourinchas, 2026). This environment has exponentially increased the cost of capital for sovereign and corporate borrowers, particularly in Emerging Market and Developing Economies (EMDEs), while intensifying currency volatility for energy-importing nations facing expanded trade deficits. For Israel, the direct fiscal burden reached a critical threshold, with Yaron (2025) estimating cumulative conflict costs exceeding \$69 billion by late 2025 and a national budget deficit rising toward 7.0 per cent of GDP. This structural shift is marked by a record \$169 billion 2025 budget that prioritises defence at the expense of social investment, alongside synchronous credit rating downgrades by Fitch, Moody's, and SandP (Tandfonline, 2025; Parnell, 2026). Simultaneously, Iran's economy has transitioned from severe strain to an existential crisis; even before the 2026 escalation, the nation grappled with hyper-inflation exceeding 40.0 per cent and the persistent erosion of the rial (Ferid Belhaj, 2025). The situation reached a terminal phase following the September 2025 activation of the UN "snapback" mechanism, which froze sovereign assets and crippled the defence sector. This terminal decline was punctuated by the total collapse of the Iranian currency in December 2025-a "grand culmination" of containment strategy-and a subsequent 2026 air campaign that dismantled the nation's remaining industrial and energy infrastructure (Wikipedia, 2026; Prashad, 2026). Ultimately, as observed and the Gatti et al. (2026), the financial aftermath suggests a "lost decade" for the region, where insurmountable debt-service burdens and destroyed creditworthiness will act as a permanent drag on any future reconstruction efforts (Adityanjee, 2026; Zahidi, 2026).

**The Palestinian Economy: Collapse and Reconstruction:** The economic disintegration of the Palestinian territories between 2023 and 2026 represents a historic developmental reversal, characterised by a contraction that the World Bank (2025) identifies as one of the most severe economic dislocations in modern history. This "economic price" is quantified by a catastrophic peak-to-trough collapse in real GDP per capita of 86.0 per cent in Gaza and 33.0 per cent in the West Bank, resulting in a near-total cessation of productive activity. To contextualise this severity, projections indicate that even if large-scale reconstruction begins in 2026, it will take Gaza 13 years and the West Bank 3 years merely to restore real GDP per capita to 2022 levels (Ferid Belhaj, 2025). This recovery trajectory far exceeds the five-year median typically seen in severe financial crises, aligning Gaza's trajectory with the most devastated post-war economies of the twentieth century (Reinhart and Rogoff, 2014; Obstfeld and Peri, 2025). Amidst this physical ruin, the systematic destruction of traditional banking infrastructure has paradoxically accelerated a shift toward digital finance; the Palestine Monetary Authority (PMA) reported that the iBuraq fast payments system processed nearly 480,000 transactions in Q4-2024, more than doubling previous figures Gine and Ibrahim, 2025). However, as noted by The Economist (2026) and Parnell

(2026), such digital adaptation cannot compensate for the erasure of physical capital-farms, factories, and workshops-that forms the state's material foundation. The capital requirements for a meaningful recovery are staggering; the **Joint Interim Rapid Damage and Needs Assessment (RDNA)** emphasises that reconstruction costs must navigate extreme inflation, supply chain bottlenecks, and skilled labour shortages (**Zahidi, 2026**). Total estimates for restoring housing, utilities, and industrial capacity reach hundreds of billions of dollars over a thirteen-year horizon. Ultimately, as highlighted by **Gatti et al. (2026)**, the absence of a coordinated global "Marshall Plan" for the Levant risks consigning the Palestinian economy to a permanent state of de-development, perpetuating a cycle of poverty and regional instability (**Adityanjee, 2026; Hand, 2026**).

**The Israeli Economy: Wartime Fiscal Strain and Structural Attrition:** While characterised by high development and historical resilience, the Israeli economy has encountered profound systemic strain under the exigencies of protracted warfare, evidenced by a sharp deceleration in Gross Domestic Product (GDP) from 6.3 per cent in 2022 to just 0.9 per cent in 2024 (**Tandfonline, 2025; Ferid Belhaj, 2025**). Initial recovery projections from the **Gourinchas (2026)** have been rendered obsolete by the 2026 expansion of the conflict into a direct war with Iran, replacing growth targets with extreme macroeconomic uncertainty (**Kapur and Pratap, 2026**). This "Permanent War" footing has triggered a dual labour market crisis: the sustained mobilisation of 350,000 reservists has excised 7.0 per cent of the national workforce, while the departure of 17,000 foreign labourers and the total exclusion of Palestinian workers have caused acute operational paralysis in the construction and agricultural sectors (**Gaston et.al. 2025**). Furthermore, as highlighted by **Alam Mukim and Sivan (2026)** and **Adityanjee (2026)**, the systematic redirection of capital from domestic infrastructure, education, and social welfare toward military outlays risks undermining long-term human capital development. This fiscal posture is defined by a ballooning budget deficit and synchronous credit rating downgrades, which have significantly elevated borrowing costs (**Seshadri, 2026**). Research from **Brown University's Costs of War project** further notes that U.S.-backed operations have absorbed roughly \$250 billion in support since 2023, raising urgent questions regarding the global opportunity costs of such massive capital concentration in kinetic theatres (**Hartung, 2024; Obstfeld and Peri, 2025**). Ultimately, the combination of labour shortages, credit erosion, and the sacrifice of civilian investment poses a fundamental challenge to the sustainability of the Israeli economic model (**Adityanjee, 2026**).

#### 1.4 The Global Economic Spillover: Geo-economic Fragmentation and the Cost of Instability

The West Asian conflagration of 2023–2026 has evolved into a systemic global shock that has fundamentalised geo-economic fragmentation and institutionalised a permanent "risk premium" across global supply chains (**Gatti, Ozden and Torres, 2026**). This structural recalibration is driven primarily by the "Security-Energy Nexus," where the disruption of the Strait of Hormuz and Red Sea corridors has triggered a resurgence of cost-push inflation. Consequently, central banks in advanced economies have maintained elevated interest rates, stifling post-pandemic recovery and creating a "double squeeze" on Emerging Market and Developing Economies (EMDEs) through widened trade deficits, currency depreciation, and surging costs for dollar-denominated debt (**Zahidi, 2026**). Maritime logistics have faced a historic redirection from the Suez Canal to the Cape of Good Hope, adding 10–14 days to transit times and inflating global shipping costs by 150.0 per cent (**Hand, 2026; Bhardwaj, 2026**). This "logistical tax" has forced a shift toward costly "just-in-case" inventory management, further entrenching inflationary pressures (**Parnell, 2026**). The spill-over has also destabilised global food security; as a critical node for

nutrient production, West Asia's supply disruptions have spiked fertiliser prices by 80.0 per cent, threatening a 15.0 –20.0 per cent yield contraction and localised famines in the Global South (**Husain, 2026; Steiner, 2026; D de Waal and von Grebmer, 2026**). Financial markets have reacted with a classic "flight to safety," triggering record capital outflows from emerging markets toward gold and US Treasuries, which has catalysed a liquidity crisis and pushed over 40 developing nations toward sovereign debt default (**Kapur and Pratap, 2026**). For India, exposure is particularly acute, involving risks to its \$100 billion annual remittance inflow and a forced acceleration of strategic energy diversification to mitigate the "Hormuz Risk" (**Seshadri, 2026**). Ultimately, as noted by **Obstfeld and Peri (2025)**, this conflict marks the end of the era of low-volatility globalisation, replacing it with a fractured trade architecture defined by permanent instability.

**Impact on Emerging Market and Developing Economies (EMDEs):** The global economic spill-over from the 2026 West Asian conflagration is transmitted through interlocking channels-energy volatility, food supply chains, maritime logistics, and financial tightening-that disproportionately penalise **Emerging Market and Developing Economies (EMDEs)**. According to analysis in **Alam Mukim and Sivan (2026)**, while advanced economies face a modest decline to 1.5 per cent growth, EMDEs are projected to see a sharper deceleration from 4.4 per cent in 2025 to 3.9 per cent in 2026, a trend the **Gatti et al. (2026)** warn could institutionalise a "Great Divergence" between the Global North and South. This shock operates through a compounding crisis of sovereign solvency and fiscal attrition: elevated oil import bills widen trade deficits and trigger "balance of payments" crises, forcing energy-importing nations to choose between catastrophic debt accumulation or aggressive fiscal austerity (**Ferid Belhaj, 2025; Adityanjee, 2026**). Consequently, nations are forced into a "shadow trade-off," diverting capital from primary education and rural health infrastructure to fund immediate fuel and food subsidies (**Asakawa, 2026; Macau, 2026**). Indirectly, higher energy costs act as a pervasive "inflation tax" on all traded goods, while hawkish monetary responses in advanced economies trigger a "flight to safety," starving EMDEs of capital and exponentially raising external borrowing costs (**Obstfeld and Peri, 2025; Financial Express, 2026**). For economies already burdened by post-pandemic debt, this represents a structural threat that **Adityanjee (2026)** warns could reverse a decade of progress in poverty alleviation and food security. As noted by **Parnell (2026)** and **Seshadri (2026)**, the rising cost of servicing dollar-denominated debt alongside depreciating local currencies has pushed several frontier markets toward sovereign default. Ultimately, the "economic price" of this war is measured in the lost opportunities for an entire generation across the developing world, as hard-won developmental gains are sacrificed to regional geopolitical volatility (**Zahidi, 2026**).

**Asia: The Disproportionate Burden:** The economic geography of the 2026 West Asian conflagration reveals a stark asymmetry: while the United States has attained significant energy independence, its Asian peers endure a disproportionate share of the conflict's systemic costs. As noted by **Zahidi (2026)**, the strategic vulnerability of the East is anchored in its reliance on the **Strait of Hormuz**, a chokepoint through which **China, India, Japan, and South Korea** collectively routed 69.0 per cent of all transiting crude oil in 2024 (**Bhardwaj, 2026; Adityanjee, 2026**). Japan's dependency remains nearly absolute at 90per cent, while South Korea routes over 95.0 per cent of its regional imports through this precarious waterway (**Hand, 2026**). Analysis synthesised by **Alam Mukim and Sivan (2026)** indicates that this shock is recalibrating Asian growth at varying speeds, with growth in the Middle East and Central Asia projected to nearly halve to 1.9 per cent in 2026. Simultaneously, **Emerging and Developing Asia** is expected to moderate from 5.5 per cent to 4.8 per cent over the next two fiscal cycles, **Gatti et.al. (2026)**. China's

growth is projected to decelerate from 5.0 per cent to 4.0 per cent, reflecting acute exposure to Iranian supply chains and \$110+ inflationary oil prices (**Kapur and Pratap, 2026**). Conversely, India is expected to display relative resilience, with growth moderating from 7.6 per cent in 2025 to 6.5 per cent, though it remains vulnerable to sustained maritime blockades and widening trade deficits (**Adityanjee, 2026**). Beyond fuel, the "Hormuz Risk" permeates the Asian agricultural heartland; according to **Kpler and Husain (2026)**, the region receives 35.0 per cent of global urea, 53.0 per cent of sulfur, and 64.0 per cent of ammonia exports from the Middle East. This structural dependency creates existential risks for **India, Bangladesh, Vietnam, and Indonesia**, where surging nitrogen fertiliser costs threaten to price out smallholder farmers and contract crop yields. As observed in the **D de Waal and von Grebmer (2026)** and the **Gaston and Karimou (2025)**, disruptions during peak planting seasons trigger a lethal cascade of spiked food prices and collapsed rural incomes. This "nutrient poverty" serves as a precursor to heightened poverty rates and potential political instability, underscoring the deep-seated security risks of agricultural shocks in the region (**Sivan, 2026; Seshadri, 2026**).

**Europe: Reliving the Energy Nightmare:** The 2026 West Asian conflict has plunged Europe into a state of strategic déjà vu, resurrecting the existential energy anxieties of the 2022 Russian invasion of Ukraine and what the **Gourinchas (2026)** describes as the "spectre of the 2021–22 gas crisis." This disruption proved particularly deleterious as it followed a brutal 2025–2026 winter that had already depleted European gas storage to a historically low 30.0 per cent capacity; the subsequent closure of the Strait of Hormuz and suspension of Qatari liquefied natural gas (LNG) exports acted as a "supply decapitation" for the continent (**Parnell, 2026**). Consequently, the Dutch TTF gas benchmark nearly doubled, breaching the €60/MWh threshold by mid-March 2026 (**Wikipedia, 2026**). The resulting impact is heterogeneous, reflecting Europe's varied energy architecture: while Italy and the United Kingdom remain acutely vulnerable due to their structural reliance on gas-fired power, France and Spain have maintained relative resilience through nuclear baseloads and renewable expansion (**OECD, 2026; IMF Blog, 2026**). Nevertheless, industrial attrition has transcended borders, with chemical and steel conglomerates imposing energy surcharges of up to 30 per cent, while the **European Central Bank (ECB)** was forced on March 19, 2026, to postpone interest rate reductions and slash GDP growth projections in the face of a burgeoning "stagflationary" trap (**Hand, 2026; Lagarde and Lane, 2026**). Beyond economics, this crisis is fueling a "political economy of resentment"; much like the 2021–22 shocks catalysed populist surges, this renewed turmoil—stemming from extra-regional military manoeuvres—is intensifying calls for "strategic autonomy" (**Prashad, 2026; Alam Mukim and Sivan, 2026**). As observed by **Gatti et al. (2026)** and **Adityanjee (2026)**, this economic haemorrhage is complicating transatlantic relations and compelling European policymakers to advocate for a decoupled energy and foreign policy to insulate the continent from external shocks (**Seshadri, 2026; UN, 2026**). Ultimately, the 2026 energy nightmare may serve as the definitive catalyst for a more independent, albeit fragmented, European geopolitical identity.

**Africa and the Least Developed Countries: The Vulnerability of the Periphery:** While absolute financial losses from the 2026 West Asian conflict concentrate in industrialised hubs, the relative impact on Africa and the Least Developed Countries (LDCs) is the most devastating, as these import-dependent economies lack the fiscal buffers to absorb exogenous price shocks. In Sub-Saharan Africa and South Asian LDCs, the energy crisis has catalysed a lethal cascade of fertiliser shortages, food inflation, and raw material scarcities, pushing nations toward balance-of-payments crises and systemic social unrest (**Pravda Nigeria, 2026; Gatti et al. 2026**). Specifically, the cessation of nitrogen and sulfur exports from the Gulf before planting seasons has triggered a tangible reduction in staple crop yields, translating directly into

rising malnutrition and child mortality (D de Waal and von Grebmer, 2026; Husain, 2026). These shocks compound a "triple threat" for nations already reeling from post-pandemic recovery, Ukraine-related grain disruptions, and El Niño-driven droughts, while the Horn of Africa faces secondary contractions from weakened Gulf trade and reduced remittances (Macau, 2026; Andersen, 2026). The Democratic Republic of Congo (DRC) serves as a harrowing case study; its mining sector's dependency on sulfur means supply disruptions can force catastrophic budget cuts, as seen in 2020 when revenue shocks led to a 48.0 per cent reduction in national spending (Noman, 2020). Since over 93.0 per cent of the DRC's social expenditure is dedicated to education and health, such volatility effectively bankrupts the nation's primary social infrastructure (Gourinchas, 2024). Ultimately, as noted by Alam Mukim and Sivan (2026) and Gaston and Karimou (2025), the 2026 sulfur crisis illustrates how West Asian instability dictates the survival of the world's most vulnerable populations in its most remote corners.

### 1.5 India's Exposure: Energy, Diaspora, and Diplomatic Tightrope

The 2026 West Asian conflagration has unleashed a "perfect storm" for India, challenging the structural resilience of its macroeconomic framework and the agility of its "strategic autonomy." India's exposure is multidimensional, rooted in a critical dependency on energy, a vast diaspora, and a trade architecture vulnerable to maritime chokepoints (Adityanjee, 2026; Alam Mukim and Sivan, 2026). As a nation importing over 80.0 per cent of its crude, the surge in Brent prices to \$112.57 has exerted immediate fiscal pressure; every \$10 increase expands the current account deficit by 0.5 per cent of GDP (Bhardwaj, 2026; Ferid Belhaj, 2026). Crucially, the closure of the Strait of Hormuz—the transit point for 60.0 per cent of India's crude and 50.0 per cent of its LNG—has shifted the crisis from one of pricing to physical availability, forcing a rapid reliance on limited Strategic Petroleum Reserves and a pivot toward Russian and American supplies (Hand, 2026; Pratap, 2026). Beyond energy, the conflict endangers the socio-economic lifeblood of the nine million Indians in the GCC, placing over \$100 billion in annual remittances at risk. Any mass repatriation would destabilise the Rupee and trigger a domestic employment crisis, while the Ministry of External Affairs faces an evacuation challenge on an unprecedented scale (Sivan, 2026; Gatti et al. 2026). Diplomatically, New Delhi must walk a tightrope, balancing its "Comprehensive Global Strategic Partnership" with the US and defence ties with Israel against vital energy and investment interests in Iran, including the Chabahar Port (Seshadri, 2026; Obstfeld and Peri, 2025). This outreach is further complicated by "soil chemistry"; as a top importer of West Asian urea and phosphate, India's food security depends on functional "green corridors" through the war zone (Macau, 2026; Husain, 2026). In the agricultural heartland, the doubling of nitrogen fertiliser prices is eroding rabi crop profitability, compelling the government to expand its subsidy bill toward a projected 2.5 lakh crore, significantly straining fiscal deficit targets (Gaston and Karimou, 2025; Zahidi, 2026). Ultimately, India's resilience in 2026 hinges on navigating these interlocking energy, migratory, and diplomatic vulnerabilities without sacrificing its long-term developmental trajectory.

#### India's Energy Dependency on West Asia: Structural Vulnerabilities and Strategic Manoeuvres:

India's exposure to the 2026 West Asian conflagration is defined by a deeply structural vulnerability: as the world's third-largest energy consumer, the nation imports 85.0 –90.0 per cent of its crude oil, rendering its macroeconomic stability hostage to Middle Eastern supply security (Bhardwaj, 2026). In 2025, West Asian producers accounted for up to 55.0 per cent of India's crude basket and nearly 70.0 per cent of its natural gas, with the Strait of Hormuz serving as the critical transit point for 2.5–2.7 million barrels per day (Pratap, 2026). This geography extends to the domestic sphere, where 80.0 –85.0 per cent

of India's Liquefied Petroleum Gas (LPG) needs-essential for the "clean fuel" supply chain-pass through this same 21-mile-wide chokepoint (**Hand, 2026; Macau, 2026**). The 2026 conflict catalysed an immediate pricing shock, pushing Brent crude toward **\$100 per barrel** and threatening to widen the Current Account Deficit (CAD) while exerting downward pressure on the Rupee (**Ferid Belhaj, 2026**). Although headline inflation was contained at 3.0 per cent in early 2026, analysts from **Parnell (2026)** projected a potential spike to 4.5 per cent due to the "pass-through" effects on logistics, industrial production, and agricultural inputs. To buffer this, the Government of India implemented a strategic **excise duty reduction of ₹10 per litre** on petrol and diesel to absorb upstream surges (**Seshadri, 2026**). Diplomatically, the crisis necessitated "strategic creativity"; on March 6, 2026, the **US Treasury** granted India a temporary 30-day emergency waiver to purchase stranded Russian oil cargoes, providing a vital stabiliser amidst the Middle Eastern supply vacuum (**Wikipedia, 2026**). As highlighted by **Alam Mukim and Sivan (2026)**, the closure of Hormuz transformed supply diversification from a long-term goal into an existential urgency. Ultimately, the 2026 shock underscores India's persistent vulnerability to regional chokepoints and the imperative of a multi-aligned diplomatic posture to safeguard national energy security (**Adityanjee, 2026; Zahidi, 2026**).

**The Remittance Economy at Risk: Socio-Economic Vulnerability of the Diaspora:** The remittance corridor represents the most immediate and visceral transmission channel of the West Asian conflict into Indian households, with India maintaining its status as the global leader in inward flows at **\$135.4 billion** for FY2025 (**Turley and Ahmed, 2026**). This capital flow constitutes nearly 3.5 per cent of India's GDP-remarkably exceeding total exports to the United States. The Indian diaspora within the Gulf Cooperation Council (GCC) forms the backbone of this economy, contributing 38.0 per cent of total inflows, or **\$51.4 billion** annually, with the UAE and Saudi Arabia serving as the primary sources (**Bhardwaj, 2026**). The sheer scale of this presence-over 10 million Indians employed within the GCC-underscores a massive systemic risk; the UAE alone hosts 3 million Indians, representing 35.0 per cent of its population (**Prashad, 2026**). This is no longer a transient labour force, as evidenced by the **247,000 Indian students** in the UAE, signalling long-term familial settlement in sectors-construction, healthcare, and services-now vulnerable to kinetic strikes and wartime contraction (**Jaishankar, 2026**). Financial analysts from **Citi and Gatti et al. (2026)** warn that a protracted conflict will evaporate income opportunities, triggering a rural consumption crisis in states like **Kerala, Uttar Pradesh, and Bihar**, which are structurally dependent on Gulf capital. As noted in the **Gaston and Karimou (2025)** and by **Adityanjee (2026)**, a significant contraction in these inflows threatens to reverse a decade of hard-won poverty reduction gains (**Macau, 2026**). Consequently, the Government of India has intensified emergency evacuation protocols and consular support, acknowledging that the socio-economic stability of millions of citizens is now tethered to the volatile geopolitics of West Asia (**Parnell, 2026**).

**Trade, Agriculture, and Inflation: The Agrarian and Connectivity Crisis:** The 2026 West Asian conflagration has engineered a systemic "supply-side squeeze" on India, extending beyond energy to destabilise trade, agriculture, and long-term connectivity projects (**Adityanjee, 2026; Alam Mukim and Sivan, 2026**). Central to this crisis is the "Fertiliser Trap"; India structurally relies on West Asia for approximately 40.0 per cent of its urea and NPK fertilisers, and the 2026 logistics bottlenecks have threatened a contraction in crop yields while ballooning the government's subsidy burden to unprecedented levels (**Pratap, 2026; Macau, 2026**). This scarcity, compounded by doubled fuel costs for irrigation and transport, has created a severe inflationary tailwind that the **D de Waal and von Grebmer (2026)** warn could escalate domestic food prices throughout the 2026–27 cycle. Simultaneously, the

region's role as the primary destination for high-value Indian agricultural staples has turned into a "Basmati Blockade," with over 400,000 tonnes of rice stranded in March 2026 due to disrupted trade routes to Saudi Arabia and Iran (Ferid Belhaj, 2026). This dual crisis of rising input costs and market attrition has significantly eroded rural profitability, posing a tangible risk to political stability in the agricultural heartland (Gaston and Karimou, 2026). Furthermore, the conflict has served as a catastrophic derailleur for the **India-Middle East-Europe Economic Corridor (IMEC)**; by February 2026, progress on this transformative project effectively stalled as stakeholders pivoted toward wartime imperatives (Parnell, 2026). As highlighted by Zahidi (2026), the indefinite deferral of IMEC represents a massive strategic opportunity cost, leaving New Delhi reliant on volatile, high-cost maritime routes and setting back India's geoeconomic integration by Bhardwaj (2026).

**India's Strategic Dilemma: Navigating Realignment and Autonomy:** The 2026 West Asian conflict has imposed a profound strategic dilemma upon India's foreign policy architecture, severely testing the historical doctrine of **strategic autonomy**. Traditionally, New Delhi has anchored its global standing by maintaining multi-directional relationships while avoiding entanglement in rigid bloc politics; in the West Asian theatre, this has necessitated a sophisticated balancing act between a deep defence and technological partnership with **Israel** and vital energy, trade, and diaspora-driven links with **Iran** and the **Arab Gulf states** (Alam Mukim and Sivan, 2026). However, recent hostilities have significantly challenged this equilibrium, with high-level engagements—such as the February 2026 visit to the Knesset—being interpreted by analysts as a "decisive tilt" toward Jerusalem that has generated tangible unease among partners in the Global South (Campose, 2026; Prashad, 2026). Furthermore, the emergence of a de facto **India-UAE-Israel trilateral axis**, while offering tactical advantages in counter-terrorism and tech integration, risks alienating Iran and complicating India's image as a neutral, independent mediator during a period of violent regional restructuring (Organiser, 2026; Obstfeld and Peri, 2025). To navigate this high-stakes environment, Pitroda (2026) and Pratap (2026) have outlined urgent strategic imperatives: accelerating energy diversification to reduce existential dependency on the **Strait of Hormuz**; institutionalising maritime security for Indian-flagged vessels (Bhardwaj, 2026); and rapidly scaling **Rupee-settlement mechanisms** to insulate the economy from potential SWIFT disruptions (Parnell, 2026; Ferid Belhaj, 2026). Additionally, New Delhi must maintain a state of high readiness for the potential evacuation of nine million Indian citizens while utilising its leadership roles in the **G20** and **BRICS** to advocate for a UN-monitored ceasefire that balances Iranian sovereignty with Israeli security needs (Sivan, 2026; Seshadri, 2026; UN, 2026). Ultimately, India's aspirations for global power status are inextricably linked to West Asian stability; navigating this conflagration is a definitive test of strategic maturity that New Delhi cannot afford to fail, as a miscalculation would reverberate across the subcontinent for decades (Zahidi, 2026; Adityanjee, 2026).

### 1.6 Environmental Costs: The Silent Casualty of War

The 2026 West Asian conflagration has resulted in a "silent casualty" with generational consequences: a transboundary environmental catastrophe that threatens fundamental life-support systems and reverses decades of ecological progress (Andersen, 2026; Prashad, 2026). The kinetic intensity of the conflict—characterised by sustained aerial campaigns and heavy armour deployment—has triggered a massive surge in greenhouse gas emissions, with military operations alone projected to emit more  $\text{CO}_2$  than several medium-sized industrial nations (Obstfeld and Peri, 2025). This atmospheric trauma is compounded by hydrocarbon fires from targeted refinery infrastructure, releasing "black soot" (PM<sub>2.5</sub>) that has been

detected as far as Himalayan glaciers, potentially accelerating melt rates through reduced albedo effects (Seshadri, 2026). Simultaneously, the Persian Gulf faces "marine ecocide" as kinetic strikes on tankers and offshore platforms release toxic crude and chemicals, decimating coral reefs and seagrass meadows critical for biodiversity and carbon sequestration (Gatti et al. 2026). This pollution creates an acute "water-security nexus," as it directly threatens the desalination plants that provide over 90.0 per cent of the drinking water for GCC states (Adityanjee, 2026). Perhaps most damaging is the structural derailment of the global green transition; as West Asian gas supplies were decapitated, economies in Europe and Asia were forced to restart decommissioned coal plants, pushing global emission trajectories back nearly a decade (Zahidi, 2026; Hand, 2026). This "emergency carbonisation" is exacerbated by the disruption of supply chains for critical minerals essential to EV and solar technology, alongside a diversion of capital from green finance to defence spending (Steiner, 2026). Finally, the conflict has left a legacy of soil toxicity in the Levant due to heavy metal contamination from incendiary munitions and destroyed chemical plants, rendering vast tracts of arable land unculturable (D de Waal and von Grebmer, 2026; Gaston and Karimou, 2025). Coupled with the halt of "Clean Ammonia" projects and a forced return to high-emission fertiliser production, these factors collectively undermine global food security and climate action goals (Alam Mukim and Sivan, 2026; Macau, 2026).

**Carbon Emissions from Conflict: The Unaccounted Ecological Toll:** While the human and economic costs of the 2026 West Asian wars dominate global discourse, the environmental impact remains a critically under-discussed dimension that threatens to undermine international climate commitments (Andersen, 2026; Gatti et al. 2026). A landmark study in One Earth estimated that the multi-phase conflict in Gaza-covering defensive infrastructure, active hostilities, and projected reconstruction-totalled 33.2 million tonnes of CO<sub>2</sub> equivalent (Crawford et al. 2026). The staggering scale of this atmospheric trauma is evidenced by the fact that the first 120 days of fighting alone generated emissions exceeding those of 26 small nations combined, while the munitions deployed in early rounds had a climate cost equivalent to burning 150,000 tonnes of coal (Narain, 2024). When factoring in carbon-intensive reconstruction, total lifecycle emissions are projected to reach 61 million tonnes, surpassing the annual output of industrialised nations like Portugal or Sweden. This crisis has exposed a systemic failure in global governance: the "military exemption," which ensures that hardware like the F-35 fighter jet remains effectively carbon-free in international accounting despite global defence spending surging toward a projected \$6.6 trillion by 2035 (Alam Mukim and Sivan, 2026). With roughly 32 million tonnes of CO<sub>2</sub> generated for every \$100 billion increase in military expenditure, the military-industrial complex represents a dominant, yet unregulated, driver of climate change (Seshadri, 2026). These "hidden" costs also permeate the agricultural sector, where the diversion of capital to high-emission military activities stalls green transitions and leaves developing nations with a mounting "ecological debt" (D de Waal and von Grebmer, 2026; Gaston and Karimou, 2025). Ultimately, without integrating military emissions into the Paris Agreement, the transition to a low-carbon future remains statistically incomplete and strategically vulnerable (Steiner, 2026; Adityanjee, 2026).

**Destruction of Infrastructure and Ecosystems: The Architecture of Ecocide:** Beyond the immediate atmospheric trauma of kinetic warfare, the 2026 West Asian conflict has resulted in the systemic liquidation of physical and natural infrastructure, creating a generational burden that threatens the fundamental viability of human habitation (Andersen and Abuawad, 2024; Gatti, Ozden and Torres, 2026). This "architecture of ecocide" is most visible in the collapse of sanitation and water security; by February 2025, the destruction of nearly 87.0 per cent of sewage pumping stations and six major

wastewater plants triggered the uncontrolled discharge of untreated effluent into the soil and the Mediterranean (Narain, 2026). As noted by Ferid Belhaj (2026), this creates a lethal environment for water-borne illnesses and risks the permanent contamination of the coastal aquifer. Furthermore, the destruction of desalination plants, critical for survival in an arid climate, has severed the "water-security nexus," making infrastructure restoration a prerequisite for any sustainable recovery (Zahidi, 2026; Bhardwaj, 2026). Parallel to this is the eradication of the agricultural sector, where satellite data confirms that 38.0 per cent of all farms and orchards, including 90.0 per cent of northern greenhouses, have been obliterated (Environmental Impact of Gaza War, 2026; D de Waal and von Grebmer, 2026). Assessments by Qumsiyeh (2025) indicate that 70.0 per cent of buildings and productive landscapes have been damaged, a strategy scientists describe as a deliberate trigger for long-term "nutrient poverty" and rural displacement (Qumsiyeh, 2024; Alam Mukim and Sivan, 2026). Compounding this ecological trauma is a massive debris crisis, with the UNEP (2024) estimating 37 million tonnes of rubble contaminated by suspected asbestos, unexploded ordnance, and hazardous waste. The remediation of this mass will require decades of specialised management to prevent toxins from leaching into the groundwater (Seshadri, 2026). Moreover, the clearing and processing of this debris will generate a feedback loop of massive carbon emissions, potentially equal to the conflict's kinetic phase, thereby complicating global climate goals (Adityanjee, 2026). Ultimately, the totalizing nature of this infrastructure erasure demonstrates that the modern theatre of war encompasses the very life-support systems of civilian populations, ensuring that environmental toxicity and starvation remain "silent casualties" long after hostilities cease (Steiner, 2026; Prashad, 2026).

**Reconstruction and the Carbon Paradox: The Cyclical Cost of Conflict:** The 2026 West Asian wars have illuminated a tragic environmental paradox: the systemic destruction of infrastructure necessitates a reconstruction process that generates its own massive carbon footprint, creating a "secondary emission cycle" that extends the ecological debt of war far beyond any ceasefire (Andersen, 2026; Gatti, Ozden and Torres, 2026). This reconstruction debt begins with the carbon-intensive industrial task of processing millions of tonnes of rubble and hazardous debris, an effort distinct from the emissions required to produce and transport new building materials (Dardona et al.2025; Narain, 2024). Analysis from *The Economist* (2026) estimates the total environmental cost of rebuilding Gaza at approximately 60 million tonnes of CO<sub>2</sub> equivalent, a figure surpassing the annual greenhouse gas output of 135 individual nations (Zahidi, 2026). This massive infusion of carbon arrives at a critical juncture, as the world already struggles to meet Paris Agreement targets; adding such a "carbon deficit" to original conflict emissions represents a significant setback for global climate goals (Ferid Belhaj, 2026; Obstfeld and Peri, 2025). Furthermore, a "war-tax" on the environment has emerged as capital intended for the green transition is diverted to high-emission emergency reconstruction, stalling the shift to renewables in highly vulnerable regions (Hand, 2026; Dardona, Neimark and Weir, 2026). This crisis has exposed critical governance gaps, as the international community lacks binding mandates for low-carbon rebuilding, often resulting in the use of high-emission cement and steel due to humanitarian urgency (Bhardwaj, 2026; Steiner, 2026). Moreover, as argued in the D de Waal and von Grebmer (2026) and by the National Knowledge Commission (2026), the absence of a "Carbon Polluter Pays" principle for warfare means there is no framework to charge these atmospheric costs to the responsible parties (Adityanjee,2026). Ultimately, the 2026 reconstruction paradox demonstrates that warfare is a global atmospheric threat, requiring the integration of military and rebuilding emissions into the global climate ledger to prevent the planet from becoming the final, non-compensated victim of regional conflict (Gaston and Karimou, 2025; Macau, 2026).

**Climate Vulnerability and Armed Conflict: The Threat Multiplier:** The relationship between ecological instability and armed conflict in West Asia functions as a feedback loop where climate change acts as a potent "threat multiplier," exacerbating socio-economic and political tensions toward systemic collapse (Andersen, 2026; Gatti et al. 2026). West Asia and North Africa (WANA) are among the most vulnerable geographies globally, facing thermal extremes and hydrological bankruptcy that intensify resource competition. Academic inquiry in the Burke, Hsiang and Miguel (2025) and Obstfeld and Peri (2025) establishes a robust statistical link between climatic anomalies and violence, noting that deviations from normal temperature and precipitation significantly increase the risk of civil war (Burke, Hsiang, and Miguel, 2015). This "silent driver" is evident in the Syrian Precedent, where a catastrophic 900-year drought between 2006 and 2010 displaced nearly 2 million agricultural workers into urban centres, catalysing the social unrest that erupted into civil war (Kelley et al., 2015; Alam Mukim and Sivan, 2026; D de Waal and von Grebmer, 2026). Similar humanitarian spirals are observed in Yemen, Somalia, and Sudan, where the confluence of active warfare and extreme weather, such as El Niño-driven droughts and flooding, has led to structural food system failures and endemic disease (Macau, 2024; Husain, 2026; Gaston and Karimou, 2025). Despite these realities, the international community often fails to integrate the climate-conflict nexus into diplomatic frameworks, focusing on territorial concessions while ignoring the depletion of arable land and water (Adityanjee, 2026; Steiner, 2026). Sustainable regional security in the 2030s will depend on "environmental diplomacy"-collaborative water management and climate adaptation, more than traditional defence pacts, as even resolved kinetic hostilities leave the underlying environmental drivers of future instability unaddressed (Zahidi, 2026).

### 1.7 Geopolitical Consequences: The Reshaping of the Regional and World Order

The 2026 West Asian conflagration has acted as a definitive catalyst for a structural realignment of the global geopolitical architecture, ushering in a "great reset" toward a fragmented, multi-aligned world order (Adityanjee, 2026; Gatti et al. 2026). This shift is characterised by the erosion of the traditional hegemonic umbrella, as the United States transitions from a "security guarantor" to a "crisis manager" in the face of persistent maritime disruptions in the Strait of Hormuz. According to Gaston and Karimou (2025), this credibility gap has validated the "Strategic Autonomy" doctrines of middle powers and strengthened a "Russia-Iran-China" axis, allowing Beijing to challenge Western monopolies on regional mediation. Simultaneously, the conflict has institutionalised "Multi-Alignment," exemplified by India's sophisticated balancing act of maintaining ties with Tehran while deepening defence cooperation with Tel Aviv, a paradigm shift in Global South diplomacy (Alam Mukim and Sivan, 2026; Macau, 2026). This regional realignment is further complicated by the volatile "Arab Street," which remains a destabilising factor for regimes closely aligned with Western military objectives (Sivan, 2026). A critical consequence of the 2026 war is the weaponisation of the global commons, where the closure of major chokepoints has forced a shift from "just-in-time" supply chains to inflationary "just-in-case" stockpiling (Ferid Belhaj, 2026). This economic warfare has accelerated the "De-Dollarisation Impulse," with the expansion of Rupee-Rial and Yuan-Petro trade posing a structural threat to the petrodollar system (Bhardwaj, 2026; Eichengreen and Mehl, 2025). Geopolitics is now increasingly dictated by "Soil and Oil," as Fertiliser Diplomacy grants Gulf nations significant leverage over agricultural economies in South Asia and Africa, making nutrient security as essential as nuclear deterrence (Husain, 2026). Finally, Andersen (2026) highlights a massive setback for the green transition, as trillions in capital are diverted back into traditional

defence and hydrocarbon infrastructure, potentially locking the world into a high-carbon geopolitical trajectory for the coming decade (Steiner, 2026; Zahidi, 2026).

**The Axis of Resistance and Its Unravelling: Strategic Dismemberment vs. Regional Chaos:** The 2026 US-Israeli kinetic campaign against Iran represents a fundamental assault on the regional security architecture that Tehran meticulously constructed over four decades, specifically targeting the "Axis of Resistance" -a network comprising Hezbollah, Hamas, Islamic Jihad, the Houthis, and Iraqi Shia paramilitaries (Khalaji, 2024; Alam Mukim and Sivan, 2026). This proxy network served as the centrepiece of Iran's forward defence and pan-Islamic leadership, and its systematic targeting amounts to an attempt at strategic dismemberment with highly contested outcomes. While the military capabilities of these forces have faced significant attrition, including the decapitation of Hezbollah's leadership and the dismantling of Hamas's military infrastructure, the Houthi movement remains active despite intense pressure (Gatti et.al.2026; Bhardwaj, 2026). However, a critical failure lies in the "Nuclear Paradox": the destruction of Iran's conventional proxy deterrence may inadvertently strengthen Tehran's incentive to pursue nuclear weapons as the ultimate, non-negotiable guarantor of regime survival (Khalaji, 2026; Adityanjee, 2026). Historical precedents from Iraq (2003) and Libya (2011) offer sobering warnings that the military decapitation of regional powers frequently yields "ungoverned spaces" and chaos rather than stability (Polk, 2011; Zahidi, 2026; Ferid Belhaj, 2026). As noted by Sivan (2026), removing the cohesive structure of the Axis without a viable replacement risks plunging the Levant into permanent fragmentation, with devastating consequences for global energy security and rural development.

**Gulf State Realignment: Security Convergence and the Trilateral Axis:** The 2026 West Asian conflict has functioned as a definitive catalyst for a historic shift in regional power dynamics, characterised by an unprecedented deepening of military and security coordination between the **Gulf Cooperation Council (GCC)**, Israel, and the United States (Gatti et.al.2026). This realignment marks a transition from a security architecture rooted in traditional Arab solidarity toward one dictated by technological interoperability and shared threat perceptions regarding Iranian missile and drone capabilities. A watershed moment in this "normalisation of necessity" occurred in early 2026 with the deployment of Israel's Iron Dome air defence system to the **United Arab Emirates**, the first instance of the system being deployed outside Israel or the U.S. (Organiser, 2026). This defence integration forms the cornerstone of a "new trilateral axis" comprising India, Israel, and the UAE, a partnership that extends beyond hard security into intelligence sharing and economic cooperation, effectively institutionalising the spirit of the Abraham Accords under wartime pressure (Prashad, 2026; Alam Mukim and Sivan, 2026; Financial Express, 2026). While Saudi Arabia has maintained a more cautious public posture, the 2026 crisis forced unprecedented operational coordination between Riyadh, Washington, and Tel Aviv to intercept regional "swarm" threats, reflecting a deep-seated anxiety over sovereign protection that now outweighs historical pan-Arabist rhetoric (Sivan, 2026; Adityanjee, 2026; Seshadri, 2026). Despite these tactical advantages, the **Observer Research Foundation (2026)** warns that this architecture remains a fragile "convergence of anxieties" held together by immediate threats rather than long-term strategic coherence (Obstfeld and Peri, 2025). Furthermore, the war has accelerated a geopolitical sunder within the Islamic world; the momentum of the UAE-India-Israel alignment contrasts sharply with the traditional Saudi-Pakistan axis, which is currently strained by economic friction, exemplified by the UAE's demand for Pakistan to immediately repay **\$3.45 billion in debt** (Organiser, 2026; Bhardwaj, 2026; Parnell, 2026). Ultimately, as noted by Pitroda (2026) and Steiner (2026), the 2026 realignment has traded cultural and religious

affinity for hard-security guarantees, resulting in a more fragmented and unpredictable West Asian order with profound implications for global trade and rural development in South Asia.

**US Hegemony: Dominant but Costly:** The 2026 West Asian conflagration has underscored a paradoxical reality: while the United States maintains overwhelming kinetic superiority, the exercise of that power has incurred profound strategic, normative, and domestic costs (**Gatti et.al.2026**). Technologically, the U.S. demonstrated unmatched lethality through advanced stealth aircraft and precision-guided munitions (PGMs), yet this tactical success masks a burgeoning readiness crisis characterised by the significant depletion of missile stockpiles (**Cancian and Jones, 2026**). As noted by **The Hindu (2026)** and **Bhardwaj (2026)**, this creates a precarious opportunity cost, narrowing the U.S. military margin in the Pacific exactly as tensions with China reach an inflexion point (**Alam Mukim and Sivan, 2026**). Furthermore, this overextension has provided a geostrophic advantage to peer competitors; China and Russia have effectively exploited the conflict by advancing their strategic aims while Washington bears the full financial and military burden (**Seshadri, 2026**). Normatively, by launching a direct campaign without UN Security Council authorisation, the U.S. has accelerated the decay of international legal frameworks, establishing dangerous precedents for pre-emptive strikes and leadership targeting that undermine the post-World War II order (**ORF Middle East, 2026**). Domestically, the intervention has reignited fierce debates over the War Powers Resolution and executive authority, occurring at a time when public appetite for West Asian engagement is at a historic low (**Vine, 2025; Sivan, 2026**). Compounding these political headwinds are severe economic pressures, as wartime spending and energy-driven inflation exacerbate fiscal deficits and force a return to the "guns vs. butter" dilemma (**Eichengreen and Mehl, 2025; Gourinchas, 2026; Parnell, 2026; Obstfeld and Peri, 2025**). Ultimately, while the U.S. remains the dominant global power, its actions in 2026 have left it strategically brittle and increasingly isolated within a fragmented global order where the rule of law is secondary to the rule of might (**Steiner, 2026; Adityanje, 2026**).

**Russia and China: Strategic Beneficiaries?:** The 2026 West Asian conflagration has positioned Russia and China as primary strategic beneficiaries of American military entanglement, leveraging the crisis to consolidate influence in the Global South and accelerate a multipolar world order (**Gatti et.al.2026**). Russia's geopolitical standing has been inadvertently fortified by conflict-driven surges in global oil and gas prices, which have provided the fiscal resilience necessary to sustain operations in the European theatre while successfully diverting Washington's strategic attention from Russia's western flank (**Ferid Belhaj, 2026; Adityanje, 2026**). As highlighted by **Geostudyhub (2026)**, Moscow has skillfully adopted the role of a pragmatic mediator, enhancing its diplomatic prestige among non-aligned nations. China's position is defined by a delicate balance between defensive vulnerability and strategic advantage; while Beijing remains deeply susceptible to disruptions in the Strait of Hormuz as the world's largest oil importer, it has utilised the emergency to contrast its "principled multilateralism" with American unilateralism (**Wang, 2026; Noman, 2026; Alam Mukim and Sivan, 2026**). By positioning itself as a defender of the UN Charter in the face of unauthorised US-led strikes, Beijing has claimed normative leadership across the Levant (**Bhardwaj, 2026**). The most profound implication of this war is the accelerated bifurcation of the global architecture into competing, incompatible blocs: a US-led Western order integrated with Israel and the Gulf monarchies versus a burgeoning Russia-China-Iran alignment focused on alternative economic and security frameworks (**Cancian and Jones, 2026; Obstfeld and Peri, 2025**). The weaponisation of the US-dollar-denominated financial system has acted as a force multiplier for efforts to decouple from Western hegemony, dramatically compressing the timeline for the development of alternative payment

systems and trade corridors (Steiner, 2026; Eichengreen and Mehl, 2025). Ultimately, for Russia and China, the 2026 conflict represents an opportunity to reshape the "Geopolitics of Necessity," ensuring a post-war world order significantly less dependent on American security guarantees and financial gatekeeping (Gaston and Karimou, 2026; Seshadri, 2026).

**The UN and the Erosion of Multilateralism: Institutional Paralysis and Normative Decay:** The 2026 West Asian crisis has acted as a profound stress test for the United Nations, exposing a systemic crisis in multilateralism that threatens the viability of the post-1945 international order (WDR, 2026; National Knowledge Commission, 2026). Throughout multiple waves of escalation, the UN has remained largely confined to rhetorical appeals, incapacitated by a structural paralysis within the Security Council (UNSC) that prevented effective mediation or the enforcement of ceasefires at decisive junctures (Alam Mukim and Sivan, 2026). This deadlock is primarily driven by the competing interests of the Permanent Five (P5); while the United States utilised its veto to block resolutions critical of Israeli kinetic operations, Russia and China shielded Iranian or Houthis' actions from international censure. Even as the Secretary-General repeatedly invoked Article 99 to signal an existential threat to regional stability, such appeals were met with "rhetorical respect and operational indifference," signalling a transition toward a "might-is-right" geopolitical framework (Obstfeld and Peri, 2025). While the UN's political arm stagnated, its humanitarian agencies-UNRWA, OCHA, UNICEF, WFP, and WHO-remained indispensable, yet faced unprecedented structural and physical targeting. Legislative obstructions, including Israeli laws prohibiting UNRWA operations in sovereign-claimed areas, barred international staff from occupied territories since early 2025 (Lazzarini, 2025; Bhardwa, 2026). The recorded assassination of 382 UNRWA staff members represents a direct assault on the principles of International Humanitarian Law (IHL) and the protected status of aid workers, making future global relief efforts more precarious (Macau, 2026). This institutional decay is compounded by a "credibility gap" regarding the selective application of international law; for instance, the UNSC's condemnation of Iranian retaliatory strikes while ignoring unauthorised U.S.-Israeli operations undermines the UN's role as an impartial arbiter. As highlighted by Steiner (2026) and Zahidi (2026), the pattern of "law for thee but not for me" allows powerful states to claim exceptionalist exemptions, which is corrosive to the foundations of the rules-based order. Ultimately, moving beyond this state of "multilateral decay" requires a fundamental reform of the UN system to ensure that international law applies consistently to all actors, regardless of their military or economic stature (Gaston and Karimou, 2025; Eichengreen and Mehl, 2025; Adityanjee, 2026).

**The Nuclear Question: Proliferation Dynamics and the Deterrence Paradox:** The 2026 US-Israeli kinetic campaign against Iran has catalysed a profound shift in West Asian nuclear dynamics, transforming "nuclear hedging" into an active breakout strategy as the systemic destruction of Iran's conventional military architecture removed its traditional "conventional shield" (Gatti et.al.2026). Rather than serving as a deterrent, the liquidation of Iran's missiles and air defences has paradoxically empowered hardline leadership to view nuclear weapons as the ultimate, non-negotiable guarantor against external regime change (Khalaji, 2026; Alam Mukim and Sivan, 2026). As Lt. Gen. Philip Campose observed, the failure of diplomacy to provide credible security assurances has pushed Tehran toward the nuclear threshold, risking a global strategic crisis that threatens the foundations of the Treaty on the Non-Proliferation of Nuclear Weapons (Campose, 2026). This proliferation sentiment is fueled by the "Libya Precedent," where the 2011 destruction of a state that had previously abandoned its WMD programs provides a sobering contrast to the survival of nuclear-armed states like North Korea (Macau, 2026). Furthermore, Zahidi (2026) and Steiner (2026) suggest that the 2026 conflict has validated the "realist" school of

international relations, rendering traditional non-proliferation diplomacy increasingly obsolete when international law fails to protect a sovereign state from kinetic strikes (**Bhardwaj, 2026; Obstfeld and Peri, 2025**). The situation is further complicated by a structural asymmetry: Israel's undeclared and uninspected nuclear status remains a strategic friction point that undermines Western moral authority and incentivises a regional "balance of terror" (**Gaston and Karimou, 2026**). Scholars in the **D de Waal and von Grebmer (2026)** note that this asymmetry effectively triggers a regional arms race, where neighbouring states seek nuclear hedges to avoid becoming collateral in a future exchange (**Adityanjee, 2026**). Ultimately, the 2026 war has demonstrated that kinetic solutions to proliferation often produce the opposite result; by dismantling conventional means of defence, the international community has left Tehran with no perceived choice but to cross the nuclear Rubicon, resulting in a "Nuclear Levant" that signifies a catastrophic failure of global governance.

### 1.8 The Long Shadow: Reconstruction, Recovery, and the Risk of Relapse

The 2026 West Asian ceasefire does not conclude the crisis but initiates a precarious transition defined by the "Long Shadow" of systemic ruin, where recovery is hindered by ecological debt, economic erasure, and the persistent threat of renewed kinetic conflict (**Adityanjee, 2026; Gatti et al. 2026**). This post-war landscape is characterised by "macroeconomic atrophy," as the destruction of urban financial hubs in Tehran and Tel Aviv has triggered massive capital flight and decimated the "Orange Economy," leading to a projected lost decade of growth (**Ferid Belhaj, 2026; Hand, 2026; Obstfeld and Peri, 2025**). With youth unemployment peaking at over 60 per cent, the region faces a demographic "tinderbox" that risks radicalising the recovery process and triggering a domestic relapse into civil unrest unless massive "green job" creation is prioritised (**Sivan, 2026; Steiner, 2026**). Recovery is further obstructed by an "Architecture of Ecocide," where the destruction of desalination plants and irrigation networks has rendered 40.0 per cent of the Levant's agriculture non-viable, while the leaching of toxins from 37 million tonnes of debris into coastal aquifers creates a public health catastrophe (**D de Waal and von Grebmer, 2026; Husain, 2026; Andersen, 2026**). Paradoxically, the cement-intensive nature of reconstruction threatens to disqualify the region from essential "Green Finance" due to massive projected carbon emissions (**Macau, 2026; Zahidi, 2026**). Security remains fragile, as the decapitation of central architectures has left vast "grey zones" dominated by non-state actors, while the absence of a regional "Nuclear-Weapon-Free Zone" ensures the incentive for nuclear breakout remains a primary destabiliser (**Seshadri, 2026; Khalaji, 2026; Gaston and Karimou, 2025**). To escape this cycle, a new blueprint for "Resilient Sovereignty" is required—a "Marshall Plan for the Levant" that replaces traditional aid with decentralised, solar-powered infrastructure and fosters a multi-aligned diplomatic forum inclusive of Iran, the GCC, and Israel (**Asakawa, 2026; Alam Mukim and Sivan, 2026; Ferid Belhaj, 2026**). Failure to act decisively risks allowing the region to become a permanent toxic graveyard, making a relapse into global strategic crisis an inevitability.

**Costs and Timelines of Reconstruction: The Staggering Burden of Recovery:** The 2026 West Asian conflagration has bequeathed a reconstruction challenge unprecedented in its scale, financial burden, and structural complexity, requiring the resuscitation of entire socio-economic ecosystems rather than mere physical rebuilding (**Gatti et.al.2026**). Gaza serves as the prototype for this crisis; the **World Bank (2026)** projects that even if rebuilding starts in 2026, it will take at least 13 years to restore real GDP per capita to pre-crisis levels. Current funding efforts, such as the **Griffiths (2025)** Flash Appeal for \$4 billion, represent only a microscopic fraction of the capital needed for total infrastructure restoration. Beyond the

rubble, **Steiner (2026)** warns of a massive "social deficit" in health and education that will suppress human development for a generation (**Adityanjee, 2026; Gaston and Karimou, 2026**). Historical precedents in the Levant and Mesopotamia offer a sobering outlook: **Lebanon** remains trapped in a cycle of dysfunction decades after the 2006 war, while Iraq continues to struggle with inadequate services and systemic poverty eighteen years post-invasion. Meanwhile, Syria's reconstruction costs, estimated at \$400 billion, far exceed the mobilisation capacity of an international community plagued by donor fatigue and political impasse (**Alam Mukim and Sivan, 2026**). The Iranian Challenge presents a unique obstacle following "strategic dismemberment"; the systematic targeting of command centres and energy facilities necessitates a specialised, capital-intensive recovery phase that is currently impossible due to political gridlock (**Bhardwaj, 2026**). As argued by **Obstfeld and Peri (2025)** and **Zahidi (2026)**, reconstruction cannot proceed without resolving the nuclear deadlock and lifting international sanctions, as the current decoupling from global finance makes medium-term planning a logistical impossibility (**Eichengreen and Mehl, 2025**). Ultimately, without a fundamental shift in post-war financing, the Levant and Iran risk becoming permanent "grey zones" of underdevelopment, acting as a perpetual drag on global growth and regional stability (**Andersen, 2026; Husain, 2026**).

**The Political Economy of Post-War Recovery: Governance, Accountability, and the Sovereignty Trap:** The 2026 West Asian crisis underscores that successful post-conflict reconstruction is predicated on a robust political settlement rather than mere capital mobilisation; without governance conditions conducive to sustainable growth, financial inflows fail to yield long-term stability (**Adityanjee, 2026; Gatti et al., 2026**). Historical records from the Levant and Mesopotamia reveal a "sovereignty trap" where political failures undermine economic restoration, exemplified by the Oslo Accords, which institutionalised structural aid dependence without granting the jurisdictional authority necessary for independent development (**Khalidi, 2006**). Similarly, the post-2003 Iraqi Rentier Model produced a fragile economy tethered to oil revenues, leaving the state vulnerable to price volatility and stifling the non-oil private sector (**Ferid Belhaj, 2026; Hand, 2026; Parnell, 2026**). A fundamental barrier to recovery is the "equity deficit" in international law; despite mandates like the **Hague (1907)** and **Geneva (1949)** Conventions requiring parties responsible for unlawful destruction to bear restoration costs, these principles remain theoretical, with no state held financially accountable for systemic damage in recent West Asian conflicts. Consequently, the financial burden shifts by default to international donors, a dynamic that reinforces the impunity of powerful states and fuels donor fatigue (**Bhardwaj, 2026; Steiner, 2026; Ferid Belhaj, 2026**). As noted by **Gaston and Karimou (2025)** and **Macau (2026)**, this "destroy and donate" cycle causes a development reversal, diverting billions from Sustainable Development Goals (SDGs) to merely restoring a pre-war status quo (**Husain, 2026**). Ultimately, a paradigm shift toward compensatory justice is required, establishing sovereignty and accountability as the twin pillars of a new regional social contract (**Andersen, 2026; Sivan, 2026; Alam Mukim and Sivan, 2026**).

**Preventing the Cycle of Violence: From Kinetic Force to Root-Cause Resolution:** The definitive prevention of the "cycle of violence" is the most critical imperative of the post-2026 landscape, as history proves that military force, regardless of its technological sophistication, is incapable of resolving the deep-seated grievances that catalyse armed conflict (**Gatti et.al.2026**). According to **Obstfeld and Peri (2025)**, each iteration of warfare merely compounds these grievances, creating a generational reservoir of trauma that political actors subsequently mobilise for violent ends (**Prashad, 2026**). A significant demographic crisis has emerged in the Levant, where the "Gaza Cohort"-children who have experienced systemic displacement, starvation, and the loss of family-constitutes a primary target for future radicalisation unless

addressed through comprehensive psychosocial support, education, and economic opportunity (Russell, 2026; Adityanjee, 2026; Steiner, 2026; Sivan, 2026). Breaking this cycle necessitates a shift from symptom management to root-cause resolution, specifically through a genuine political settlement for the Palestinian-Israeli conflict. The "Two-State Solution"-predicated on the 1967 borders with East Jerusalem as the Palestinian capital-remains the only framework with broad multilateral endorsement, despite a domestic political gridlock in Washington and Tel Aviv that makes its realisation increasingly difficult (Alam Mukim and Sivan, 2026). Regarding the "Iran Question," regional stability requires a security architecture that mitigates Tehran's existential fear of regime change while addressing international concerns over nuclear proliferation. As suggested by Zahidi (2026), this must involve mutual non-aggression commitments, graduated sanctions relief, and verified nuclear limitations (Bhardwaj, 2026). The collapse of the 2015 JCPOA serves as a catastrophic reminder of diplomatic failure, the costs of which the world is now paying in "blood and treasure" (Hand, 2026; Ferid Belhaj, 2026). Ultimately, a "victor's peace" is unsustainable; regional stability depends on a sophisticated integration of economic viability, compensatory justice, and multilateral security guarantees to arrest the kinetic oscillations of the region (Husain, 2026; Gaston and Karimou, 2025).

## 1.9 Conclusion

The 2026 West Asian conflagration has exacted a "true price" that transcends visceral casualty data and infrastructure ruin, encompassing systemic macroeconomic disruptions, an unprecedented ecological debt, and a definitive reconfiguration of the global geopolitical order. Quantitatively, the ledger of erasure is staggering: approximately 70,000 Palestinians killed in Gaza, 5.27 million people displaced across the region, and an 86.0 per cent contraction of the Gaza economy. This regional shock triggered a 55.0 per cent surge in global oil prices and a contraction in global growth, while threatening \$51.4 billion in Indian remittances from the Gulf. Ecologically, conflict-driven emissions reached 33.2 million tonnes of CO<sub>2</sub> equivalent in Gaza alone, creating a "carbon debt" that undermines global climate goals. Qualitative costs are equally consequential, measured in the deformation of the rules-based international order; the failure of the United Nations to enforce and the selective application of norms have eroded institutional credibility, replacing law with raw capability as the primary instrument of diplomacy. Furthermore, the precedent of pre-emptive strikes on sovereign states and the weaponisation of chokepoints like the Strait of Hormuz have created a "new normal" of geopolitical coercion, while the potential nuclearisation of a post-Khamenei Iran represents an unquantifiable strategic risk. These are structural shocks delivered at a moment of geoeconomic fragility, testing whether post-World War II stability can survive or must yield to a multipolar reality governed by force rather than law. Ultimately, the 2026 war confirms that the price of conflict is always higher than its architects imagine, its burdens are borne more unequally than perpetrators intend, and its political outcomes rarely align with original desires. The only path that avoids inexorable relapse is patient, inclusive diplomacy grounded in international law and backed by genuine economic incentives. The final measure of this war lies in the foreclosed futures of the children across the Levant-futures that a world committed to the rule of law might have preserved. This article is dedicated to all victims of the West Asian wars, without distinction of nationality, religion, or ethnicity.

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