

POLICY REPORT
APRIL 2026

Bridging Fault Lines in U.S. Strategy: A New Framework for South Asia– Gulf Engagements

BY GOPI BHAMIDIPATI



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The Indian vessel "Nanda Devi" carrying liquefied petroleum gas (LPG) arrives at Vadinar Port in India on March 17, 2026, after Iran allowed it to pass through the Strait of Hormuz. (AFP via Getty Images)

EXECUTIVE SUMMARY

The ongoing U.S.-Israel war with Iran and disruptions in the Strait of Hormuz have made it clear: Instability in the Persian Gulf has global effects. South Asia, for instance, depends heavily on Gulf energy, steady shipping routes, and remittances from the millions of people who work in the Gulf that sustain families and local economies. When fossil fuel prices rise, routes are disrupted, or those workers face risk, both regions feel the impact.

The current war in the Middle East is changing the character of the links between the Middle East and South Asia, with economic ties now reinforced by growing security partnerships. The 2025 Saudi Arabia-Pakistan Strategic Mutual Defense Agreement and deeper India-UAE and India-Israel security cooperation are cases in point. They showcase the creation of a connected space. This is what the South Asia-Gulf Engagement (SAGE) framework seeks to capture.

U.S. policy treats the Gulf and South Asia as separate arenas, an approach reflected in the 2025 National Security Strategy, which splits Asia and the Middle East while barely mentioning South Asia. This limits Washington's response, creates openings for China, and obscures how risks move between the regions. SAGE, instead, calls for a more coherent approach.

Introduction: Converging Crises and the Drift in U.S. Regional Policy

The 2025 U.S. National Security Strategy treats the Middle East and Asia as separate regions, with South Asia subsumed into a broader Asian category rather than recognizing it as its own strategic space. This strategy is organized in ways that overlook how closely the Gulf and South Asia are tied, making it harder to track how risks move between them and weakening how the United States responds. In practice, these regions are already deeply intertwined. South Asia, led by India and Pakistan and shaped by developments in Afghanistan, Bangladesh, Nepal, Sri Lanka, and the Maldives, remains closely tied to the Gulf, especially the oil-rich Gulf Cooperation Council states led by Saudi Arabia, the UAE, and Qatar, as well as Iran and Israel. For decades, energy trade, economic investment and growth, and labor migration have linked them. Those ties have now evolved beyond the purely economic. The ongoing U.S.-Israeli war against Iran shows how quickly tensions in the Gulf can carry over into South Asia, turning longstanding connections into shared costs.

A clear example of this convergence is the Saudi Arabia-Pakistan Strategic Mutual Defense Agreement (SDMA), which formalizes a military relationship that has existed for decades.¹ As a joint statement issued after the agreement was signed notes, "Any aggression against either country shall be considered an aggression against both." The details of the pact, however, are not as important as the signal it sends. Security concerns in the Gulf are not being managed by regional actors alone; they are now institutionally tied to partners in South Asia. By bringing a Gulf state and a nuclear-armed South Asian country into a formal understanding, the pact decreases the strategic space between the regions by aligning their security strategies.

Similar strategic dynamics are emerging elsewhere. India's growing ties with the UAE and Israel show how this is playing out. During UAE's President His Highness Sheikh Mohamed Bin Zayed's brief 3-hour India visit on Jan. 19, New Delhi and Abu Dhabi announced their intent to conclude a "framework agreement"² for a strategic defense partnership including the potential for co-manufacturing defense platforms. Indian Prime Minister Narendra Modi's Feb. 25-26 visit to Israel cemented a special strategic partnership status, a

1 Saudi Press Agency, "Joint Statement Issued Following Pakistan Prime Minister State Visit to Saudi Arabia," Sept. 17, 2025, <https://www.spa.gov.sa/en/w2399706>

2 Government of India, Ministry of External Affairs, "Joint Statement: Visit of President of the UAE, His Highness Sheikh Mohamed bin Zayed Al Nahyan, to India (January 19, 2026)," January 19, 2026, https://www.mea.gov.in/bilateral-documents.htm?dtl/40601/Joint_Statement_Visit_of_President_of_the_UAE_His_Highness_Sheikh_Mohamed_bin_Zayed_Al_Nahyan_to_India_January_19_2026

“The South Asia–Gulf Engagement (SAGE) framework starts from a simple observation: These two regions already function as part of the same strategic space, even if policy and decision making have not caught up.”

relationship reserved only for a few countries.³ A joint statement issued afterward also emphasized accelerating joint development and production alongside transfer of technology to promote India’s indigenous defense technology. These agreements build on already expanding defense ties, formalizing and upgrading existing cooperation in response to a more volatile regional security environment. For India, this reflects the need to respond to Pakistan’s defense pact with Saudi Arabia, while for Gulf states, these agreements are aimed at managing the fallout of the ongoing U.S.-Israel war against Iran. What makes these agreements distinct in the South Asian context, unlike Gulf ties with the European Union, which are increasingly formalized and policy-driven through strategic summits, is that they are more deeply embedded, with security cooperation woven into decades of existing economic and societal linkages.

The deepening of Gulf-South Asia ties is also opening space for China, which already approaches the Gulf as more than just an energy supplier, treating GCC states as long-term partners in technology, finance, and infrastructure. This is visible, for instance, in projects like Saudi Arabia’s NEOM development, where Chinese firms are supplying large-scale solar components and using the Gulf as a testing ground for new technologies.⁴ This comes at a time when parts of South Asia are being drawn into wider external networks, with Chinese financing across infrastructure and energy projects reshaping economic choices and political alignments in countries like Pakistan, Sri Lanka, and Nepal.⁵ China is therefore able to operate across these regions with ease, while the U.S. is still responding to evolving developments in parts rather than holistically.

The South Asia-Gulf Engagement (SAGE) framework starts from a simple observation: These two regions already function as part of the same strategic space, even if policy- and decision-making have not caught up. It does not call for new regional alliances or a reworking of existing partnerships. Instead, it argues for a shift in how decisions are made. That essentially means paying closer attention to how risks travel across regions, and using economic tools more deliberately to manage cross-regional vulnerabilities through energy coordination, supply chain management, and financial linkages. It also requires working more closely with partners that sit across both spaces, particularly India, shifting from reactive and fragmented measures to a more coherent approach. At its core, SAGE would align strategy with the way the current system already works.

Gulf-South Asia Corridor: One Strategic System

New disruptions emerging from uncertainty in the Gulf are testing the long-standing Gulf and South Asia partnerships. The effects of conflict and chaos have quickly moved across connected networks in South Asia, affecting energy and trade, labor and remittances, and security cooperation. Looking at these together helps explain why events in the Gulf do not merely pose external shocks for South Asia but are also part of the same strategic environment. Both regions have thus far benefited from their independence but have not yet faced a test under sustained conflict and uncertainty.

Historically, energy security has been a particularly acute challenge in South Asia, where demand continues to rise sharply, with supply dependent on imports. The region consumed about 7% of global energy reserves in 2021, nearly 85% of which was by India. Energy demand across South Asia has grown at an

3 Government of India, Ministry of External Affairs, “India–Israel Joint Statement (February 26, 2026),” February 26, 2026, India–Israel Joint Statement

4 Chuchu Zhang, “China’s 15th Five-Year Plan and the Gulf: Partners in a Changing World Order,” Gulf International Forum, September 2, 2025, <https://gulffif.org/chinas-15th-five-year-plan-and-the-gulf-partners-in-a-changing-world-order/>

5 K. Malathi and R. Jayalakshmi, “China’s Development Finance in South Asia: Geopolitical and Strategic Implications for India,” *International Journal of Political Science and Governance* 7, no. 10 (2025): 50–53, <https://www.journalofpoliticalscience.com/uploads/archives/7-10-5-312.pdf>

average annual rate of around 4% since 2011.⁶ Pakistan and Bangladesh also relied on high-cost imported fuels subject to price volatility. At the same time, access to energy remains deeply uneven: More than 77 million South Asians lack electricity, 54 million of whom live in Pakistan.⁷

Energy security reflects a broader global pattern. Oil demand has now crossed 100 million barrels per day across the globe, with Asia at large accounting for nearly half of total energy consumption and driving most of the growth.⁸ India is a major and growing importer, bringing in close to 4.9 million barrels per day of crude, 40% of it sourced from the Middle East and Gulf, underscoring its continued dependence on external supply.⁹

On top of these regional structural weaknesses, new disruptions along key maritime routes such as the Strait of Hormuz clearly show how closely Gulf security and South Asia's economic stability are tied. In more stable periods, this interdependence has worked to the advantage of both sides. The GCC remains India's largest trading partner bloc, with bilateral trade totaling \$178.56 billion in fiscal 2024-2025.¹⁰ GCC trade accounted for 15%-18% of Pakistan's total trade volume in that period, with about \$19.7 billion in imports, mainly petroleum and petrochemicals.¹¹ Efforts such as India-GCC free trade negotiations¹² and Pakistan's advancing free trade agreement talks with the Gulf reflect a steady move toward deeper trade, investment, and energy cooperation, backed by strong longstanding commercial ties.¹³ This has created a system that delivers growth, market access, and financial stability across both regions.

However, as the U.S.-Israel war in Iran escalates, that interdependence has translated into an economic shock for South Asian economies as oil prices surge.¹⁴ The effects have triggered volatility across currencies and equities in India, underscoring the country's vulnerability to imported energy. The underlying vulnerability stems from India's heavy dependence on oil imports, which fulfill nearly 90% of its requirements, meaning price spikes rapidly increase the import bill, widen the trade deficit, which raises inflationary pressures and strains the current account balance. Roughly 2.6 million barrels per day of India's crude imports typically transit through the Strait of Hormuz, further illustrating how instability in Gulf energy corridors can quickly transmit macroeconomic shocks across South Asia. Moreover, nearly 10% of India's non-energy imports come from the Gulf, including about 63% of its fertilizer stocks, meaning disruptions can spill into industry and exports.

Similarly, for import-dependent economies such as Sri Lanka and Bangladesh, rising fuel costs have led to inflation and put pressure on fragile external balances. Sri Lankan fuel reserves cover about a month's supply. The island nation imports roughly 60% of its energy through the Strait of Hormuz. As supplies tighten, the government has reintroduced fuel rationing and raised prices by about a third.¹⁵ The strain of rising food and transportation costs is visible in



An Emirati Apache attack helicopter flies over Abu Dhabi on Feb. 28, 2026, the day that the U.S. and Israel launched strikes against Iran. (Fadel Senna / AFP via Getty Images)

- 6 Ichord, Robert F., Jr. 2023. "The Geopolitics of the Energy Trilemma in South Asia." *Atlantic Council*, April 12. <https://www.atlanticcouncil.org/blogs/southasiasource/the-geopolitics-of-the-energy-trilemma-in-south-asia/>.
- 7 Sanjoy Kumar Saha, "Empowering rural South Asia: Off-grid solar PV, electricity accessibility, and sustainable agriculture," *Renewable and Sustainable Energy Reviews* (2024), <https://doi.org/10.1016/j.rser.2024.114567>.
- 8 Energy Institute, *Statistical Review of World Energy 2025*, 74th ed. (London: Energy Institute, 2025).
- 9 International Energy Agency, Oil Market Report, March 12, 2026, https://iea.blob.core.windows.net/assets/a25ddf53-cd6c-4910-ac90-16bfd28399e7/-12MAR2026_OilMarketReport.pdf
- 10 India, GCC Sign Joint Statement to Launch Free Trade Agreement Negotiations," *The Times of India*, February 24, 2026, <https://timesofindia.indiatimes.com/business/india-business/india-gcc-sign-joint-statement-to-launch-free-trade-agreement-negotiations/articleshow/128756692.cms>
- 11 Pakistan Relations with GCC 2025," Scribd, accessed March 28, 2026, Pakistan Relations with GCC 2025.
- 12 India, GCC Sign Joint Statement to Launch Free Trade Agreement Negotiations," *The Times of India*, February 24, 2026, <https://timesofindia.indiatimes.com/business/india-business/india-gcc-sign-joint-statement-to-launch-free-trade-agreement-negotiations/articleshow/128756692.cms>
- 13 Pakistan-GCC Free Trade Agreement Talks at Advanced Stage: Aurangzeb," *Business Recorder*, December 15, 2025, <https://www.brecorder.com/news/40397533/pakistan-gcc-free-trade-agreement-talks-at-advanced-stage-aurangzeb>
- 14 John Power, "Oil Soars Past \$100 a Barrel, Stocks Plunge as US-Israel War on Iran Rages," *Al Jazeera*, March 9, 2026, <https://www.aljazeera.com/economy/2026/3/9/oil-soars-past-100-a-barrel-amid-iran-war>.
- 15 Ashkar Thasleem, "Sri Lanka Braces for New Economic Crisis as War on Iran Continues," *Al Jazeera*, March 27, 2026, <https://www.aljazeera.com/features/2026/3/27/sri-lanka-braces-for-new-economic-crisis-as-war-on-iran-continues>



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long fuel queues, worsening mobility disruption, and a return to crisis-era controls last seen in 2022.

Bangladesh faces a different but equally immediate challenge. Its vulnerability is even sharper given that its garment sector, which accounts for over 80% of export earnings and more than \$48 billion in export revenue annually, was already under strain from rising energy costs and shipping disruptions.¹⁶ Furthermore, diesel fuel remains central to its economy, powering transport, irrigation, and industrial activity. When global prices rise, the effects spread quickly, pushing up food and production costs in a system already dealing with inflation above 9%, with point-to-point inflation reaching 9.1% in February, according to data from the Bangladesh Bureau of Statistics.¹⁷ At the same time, higher import bills place added pressure on foreign exchange reserves, which stood at around \$29.6 billion in March, while the government has been forced to weigh the fiscal cost of maintaining fuel subsidies against the risk of passing price shocks directly to consumers.¹⁸

What links countries in South Asia and the Gulf in times of growth also binds them in moments of crisis, making energy flows not just a shared benefit, but a collective vulnerability.

The Labor-Remittance Corridor

South Asian economic stability is closely linked to the longstanding labor and remittance corridor connecting it with the GCC, a relationship that dates to the oil boom of the 1970s.¹⁹ Over time, Gulf economies have employed millions of people from India, Pakistan, Bangladesh, Nepal, and Sri Lanka, creating one of the largest migration corridors in the world. This demand in the Gulf was partly driven by rapid oil-fueled growth and large-scale infrastructure expansion, which local populations alone could not sustain. As a result, migrant workers

16 Faisal Mahmud, "Iran War Tightens Squeeze on Bangladesh's Garment Engine," Anadolu Agency, March 27, 2026, <https://www.aa.com.tr/en/asia-pacific/iran-war-tightens-squeeze-on-bangladesh-s-garment-engine/3882126>

17 Bangladesh Sangbad Sangstha (BSS), "General Point-to-Point Inflation Eases Slightly in March," April 5, 2026, [accessed here](#)

18 Fahmida Khatun, "Middle East War: What Will Happen to Bangladesh's Energy Security?" Centre for Policy Dialogue (CPD), March 24, 2026, <https://cpd.org.bd/middle-east-war-what-will-happen-to-bangladeshs-energy-security/>

19 AlShehabi, Omar. "Histories of Migration to the Gulf." *Transit states: Labour, migration and citizenship in the Gulf* (2015): 3-38.

from outside the region, especially from the neighboring South Asia region, now constitute the majoritarian workforce in construction, services, and domestic sectors, despite a massive drive for hiring native talent.

Indians comprise 9 million of the nearly 35 million migrants working in GCC countries, making it the largest expat community in the Gulf.²⁰ Indian migrants work in several core industries, making them central to the daily function of Gulf economies. Remittance flows to India totaled \$125 billion to \$135 billion in recent years, with a substantial share coming from the Gulf.²¹ These inflows support household spending, help stabilize foreign exchange reserves, and provide a steady cushion against external shocks, including the ongoing unrest in the region. In that sense, the India-Gulf labor corridor operates as a quiet stabilizer in the background of India's economy, directly linking the country's domestic economic balance to conditions in the Gulf.

Meanwhile, Bangladesh recorded \$32.8 billion in remittance inflows in 2025. Nearly 82.5% of its 1,116,399 migrant laborers work in the GCC countries.²² Record remittances have played a direct role in stabilizing the country's external position, helping lift foreign exchange reserves to over \$33 billion and easing pressure on its balance of payments.²³ Over 750,000 Bangladeshis traveled to Saudi Arabia for work in 2025, making it by far their top destination.²⁴ As Gulf economies expand into infrastructure, services, and new sectors under long-term development plans, demand for Bangladeshi workers continues to grow, reinforcing a cycle in which labor mobility supports both Gulf growth and Bangladesh's economic stability.

Similarly, about 1.73 million Nepali migrants work across the Gulf and the Middle East, while more than 207,000 departed for GCC destinations in the first six months of fiscal year 2025-2026.²⁵ Record remittances of nearly \$7.4 billion returned to Sri Lanka in 2025, much of it from workers in Gulf labor markets.²⁶ This interdependence of labor and remittance flows across South Asia and the Gulf points to a broader pattern in which each South Asian country contributes a distinct segment of the workforce, from Indian and Pakistani professionals and Bangladeshi technicians to Nepali laborers and Sri Lankan service workers, together sustaining the Gulf's economic expansion.

The ongoing war in Iran is beginning to show the extent of the fragility in the migration and remittance link. As tensions rise, air routes across the Gulf have been disrupted, making it harder for workers to travel. Nepal and other countries have paused new labor permits to parts of the Middle East, while many workers face job uncertainty. If this trend continues, fewer workers will migrate, and remittance flows could slow. What has long supported economic stability in South Asia can quickly turn the other way, with instability in the Gulf amplifying pressure on already fragile economies.

Gulf and South Asian Security Dynamics

The ongoing war in the Middle East demonstrates how closely Gulf and South Asian security dynamics are now tied. Pakistan's diplomatic role in the crisis offers a clear example. Rather than being pulled into the conflict, Islamabad

20 Alia Chughtai, "Where Do the 35 Million Foreigners Living in the GCC Come From?" Al Jazeera, March 9, 2026, [available here](#)

21 Deepak Kumar Dinkar, "Indian Diaspora in the Gulf Countries: A Pivot to Multidimensional Relations between India and the Gulf Countries," *International Journal of Arts, Humanities and Social Studies* 7, no. 2 (2025): 612–621, <https://www.socialstudiesjournal.com/archives/2025/vol7issue2/PartH/7-2-100-221.pdf>

22 Mohammad Jalal Uddin Sikder, "Amid an Uncertain Middle East, Bangladesh Must Rethink Its Migration Strategy," *The Daily Star*, April 5, 2026, [accessed here](#)

23 Remittances Hit Record \$32B in 2025, Shoring Up Reserves," *The Daily Star*, January 1, 2026, <https://www.thedailystar.net/business/news/remittances-hit-record-32b-2025-shoring-reserves-4071131>

24 Bangladesh Sangbad Sangstha (BSS), "Saudi Arabia Remains as Top Destination for Bangladeshi Manpower Export in 2025," January 5, 2026, <https://www.bssnews.net/news/348159>

25 Angana Guha Roy, "The Middle East Conflict: Implications for South Asia," *Asian Institute of Diplomacy and International Affairs*, March 3, 2026, <https://www.aidiaasia.org/the-middle-east-conflict-implications-for-south-asia>

26 "Sri Lanka Records Highest-Ever Workers' Remittances at \$7.8B in 2025," *Daily FT*, January 6, 2026, <https://www.ft.lk/front-page/Sri-Lanka-records-highest-ever-workers-remittances-at-7-8-b-in-2025/44-786581>



The Liberia-flagged crude oil tanker Shenlong Suezmax docks at Mumbai Port after navigating the high-risk Strait of Hormuz on March 11, 2026 in Mumbai, India. The vessel arrived from Saudi Arabia's Ras Tanura port. (Raju Shinde / Hindustan Times via Getty Images)

has positioned itself as a bridge,²⁷ maintaining links with Tehran, Riyadh, and Washington, and at times acting as a quiet channel among them. This has taken a more visible form, with Pakistan hosting talks in late March involving Saudi Arabia, Türkiye, and Egypt and even emerging as a possible venue for U.S.-Iran negotiations.²⁸ This kind of diplomacy reflects how deeply Pakistan's security interests are connected to stability in the Gulf, where escalation carries direct economic and domestic risks.

A series of recent agreements show how South Asia-Gulf links are taking on a more strategic and structured form. The defense pact between Saudi Arabia and Pakistan, a consolidation of a security partnership eight decades in the making, came at a time of a deteriorating security environment in both regions. The May 2025 clashes between India and Pakistan as well as Israel's expanded military strikes on Gaza, Lebanon, Syria, and Iran and, more significantly, its attack on Doha, cemented the signing of the Strategic Mutual Defense Agreement in September 2025.²⁹ This security pact introduced a clearer framework for military coordination, committing both nations to "enhance their security and strengthen joint deterrence against any aggression."

In parallel, during UAE President Sheikh Mohammed bin Zayed Al Nahyan's Jan. 30 visit to India, ties expanded into a strategic defense partnership, with cooperation now extending into advanced technology, joint exercises, and interoperability.³⁰ Similarly, during Modi's February visit to Israel prior to the U.S.-Israel joint strikes on Iran, India elevated its relationship with Israel to a "special strategic partnership," expanding defense collaboration, including joint development and technology transfer.³¹ These developments show how security ties between the Gulf and South Asia are becoming increasingly institutional and forward-looking.

Further, neither India nor Pakistan are shying away from embedding themselves within a wider, largely U.S.-led regional security framework, even if they do so on their own terms. India's participation as an observer in the inaugural Gaza Board of Peace meeting in Washington, D.C. this February reflects a cautious willingness to remain engaged without fully committing to the political or military risks involved.³² Pakistan, by contrast, has taken a much more visible role in diplomatic settings, facilitating negotiations while refraining from deeper operational commitments when domestic constraints come into play.³³ Despite their different approaches, both countries are becoming part of the shared regional security environment that stretches across the Gulf and South Asia in which participation is shaped by overlapping interests, selective engagement, and the need to remain relevant within an evolving strategic order rather than formal alliances.

This relationship runs in both directions. Gulf states have become active diplomatic players in South Asia. In the middle of the crisis between India and Pakistan last year, Saudi Arabia and the UAE used their political and economic leverage to push both sides toward de-escalation.³⁴ A similar pattern can be seen in Afghan-Pakistani relations. Amid deadly clashes along their 1,600-mile

27 Suhasini Haidar, "Pakistan Diplomacy Rises, India Isolated in U.S.-Iran War," *Frontline*, March 2026, <https://frontline.thehindu.com/columns/pakistan-diplomacy-rises-india-isolated-us-iran-war/article70787010.ece>

28 Reuters, "Pakistan to Host Talks with Saudi Arabia, Turkey, Egypt amid Iran War Diplomacy," *Reuters*, March 28, 2026, <https://www.reuters.com/world/asia-pacific/pakistan-host-talks-with-saudi-arabia-turkey-egypt-amid-iran-war-diplomacy-2026-03-28/>

29 Amnah Mosly, "Saudi-Pakistan Mutual Defense Agreement: What It Is, and What It Is Not," *Gulf Research Center*, September 2025, <https://www.grc.net/documents/68dd1614b17b4SaudiPakistanMutualDefenseAgreement2.pdf>

30 India, UAE to Elevate Ties with Strategic Defence Partnership," *The Times of India*, January 19, 2026, <https://timesofindia.indiatimes.com/india/india-uae-to-elevate-ties-with-strategic-defence-partnership/articleshow/126724844.cms>

31 Ministry of External Affairs, Government of India, "India-Israel Joint Statement (February 26, 2026)," February 26, 2026, <https://www.mea.gov.in/bilateral-documents.htm?dtl/40828>

32 Kallol Bhattacharjee, "India Participated as an 'Observer' in Board of Peace Meeting: MEA," *The Hindu*, February 20, 2026, <https://www.thehindu.com/news/national/india-participated-as-an-observer-in-board-of-peace-meeting-mea/article70656924.ece>

33 *The Hindu*, "Pakistan and the Board of Peace," February 26, 2026, [Read article](#)

34 Umer Karim, "Key Role of Gulf States in India-Pakistan Mediation," *Arab Gulf States Institute*, May 16, 2025, <https://agsi.org/analysis/key-role-of-gulf-states-in-india-pakistan-mediation/>

shared border, Pakistan's airstrikes in Afghanistan, and continued attacks by the Tehreek-e-Taliban Pakistan (TTP), tensions have remained high and are further complicated by Kabul's growing ties with India. In response, Saudi Arabia, Kuwait, and Qatar have stepped in to host talks and negotiate a ceasefire.³⁵

What emerges from these parallel, overlapping developments both in terms of institutionalizing relations and engaging in active diplomacy is a shift in how regional actors view their shared neighborhood and how security in this strategic space is now managed. The Gulf is not merely a site of external conflict for South Asia, and South Asia is not just peripheral to Gulf security concerns. Instead, both are increasingly part of the same security conversation, where crises, diplomacy, and partnerships move across regions rather than staying contained.

Strategic Fragmentation: U.S. Policy and the Gulf Security Order

While crises are not confined to traditional geographic boundaries, security now moves across the same cross-regional networks that have long linked the Gulf with South Asia through energy flows and labor mobility. Yet U.S. policy continues to approach these developments through divided regional frameworks, treating interconnected spaces as separate theaters and relying on partner-based burden-sharing without a mechanism to coordinate their roles. This creates a growing mismatch between how crises unfold and how they are managed. The result is a pattern of fragmented responses in which military action, economic stabilization, and diplomacy operate on parallel tracks without robust integration. This fragmentation has become visible in the Gulf and has begun to undermine the effectiveness of U.S. strategy.

The Iran War and the Limits of U.S. Regional Strategy

For many decades, the relationship between the United States and Gulf countries rested on the bedrock that Gulf states would anchor global energy supply and the United States would underwrite their security. The U.S.-Israel war with Iran has placed that arrangement under visible strain.³⁶ The conflict was neither initiated nor meaningfully coordinated with Gulf partners, despite their direct exposure to its consequences. Gulf governments had, in fact, worked to avoid precisely such an escalation, aware that any U.S. or Israeli strike on Iran would likely trigger regionwide retaliation. Those concerns were proven true within days of the initial U.S.-Israel strikes, with all six GCC states coming under attack by Iran.³⁷ While they neither sought nor shaped the conflict, they have become central to its battlefield dynamics.

The consequences have extended well beyond immediate security risks. The war has disrupted energy systems, strained global markets, and exposed the vulnerability of critical maritime corridors that underpin global trade. Rather than remaining geographically contained, the conflict has radiated outward across interconnected theatres, heightening risks not only in the Strait of Hormuz but also across adjacent routes and supply chains including the Bab-el-Mandeb.³⁸ What was initially framed as a targeted military effort has instead triggered a cascading regional and global shock, with consequences borne not only by Iran but also by U.S. partners across the Gulf and beyond. This underscores a basic mismatch: while the region's security and economic systems are deeply interconnected, U.S. policy responses do not account for how threats move across them.

“The war has disrupted energy systems, strained global markets, and exposed the vulnerability of critical maritime corridors that underpin global trade.”

35 Giorgio Cafiero, “Gulf Diplomacy Eases Afghanistan-Pakistan Tensions,” Arab Gulf States Institute, October 27, 2025, <https://agsi.org/analysis/gulf-diplomacy-eases-afghanistan-pakistan-tensions/>

36 Jim Krane, “The Iran War and the End of the US-Gulf ‘Oil for Security’ Deal,” Arab Center Washington DC, March 27, 2026, [access article](#)

37 Dearbail Jordan, “Iranian Attacks across Gulf Continue as Major Industrial Sites Hit,” BBC News, March 29, 2026, <https://www.bbc.com/news/articles/cp86yrg5jy7o>

38 Ramy Inocencio, “As Iran Keeps Strait of Hormuz Closed, It’s Also Threatening to Target Another Vital Mideast Shipping Lane,” CBS News, March 28, 2026, <https://www.cbsnews.com/news/iran-strait-of-hormuz-bab-el-mandeb-yemen-houthis/>

Moreover, the lack of clearly articulated strategic outcomes for the conflict has complicated its course. Despite sustained military pressure, Iran has retained its capacity to retaliate, while the conflict itself has expanded in scope, drawing in additional actors and opening new fronts of instability. Rather than containing escalation, the war has multiplied points of vulnerability to include maritime chokepoints central to global energy flows. As the conflict has progressed, frustration within Gulf states has become more pronounced. Officials have questioned the direction and coherence of U.S. strategy and the value of security arrangements that have exposed them to retaliation without providing commensurate influence over decision-making.³⁹ This reassessment is increasingly visible across Gulf capitals: Saudi and Qatari officials have begun to question the reliability of U.S. security guarantees and are quietly expanding alternate partnerships to reduce dependence on Washington, even as they maintain formal ties.⁴⁰ Concerns have also emerged that Gulf states may ultimately be left to manage the long-term consequences of a conflict with uncertain objectives, trajectories, and end states.

This visible disconnect between exposure and influence for the Gulf countries underscores a deeper problem in how U.S. policy is structured. Rather than distributing responsibility through coordinated burden-sharing, the current approach concentrates risk on regional partners without integrating them into how that risk is managed. In doing so, it weakens the credibility of U.S. security commitments and reinforces a more fragmented regional order.

Fragmented U.S. Engagement in South Asia

Just as U.S. actions in the Gulf have revealed a growing gap between regional dynamics and policy responses, a similar pattern is evident in South Asia. U.S. policy toward South Asia is formally anchored in the 2025 National Security Strategy, which frames the region within a broader Indo-Pacific vision centered on strategic competition with China and a narrower, interest-driven, “America-first” conception of U.S. engagement.⁴¹ This approach emphasizes bilateral partnerships, economic leverage, and selective security cooperation rather than comprehensive regional frameworks. While this provides flexibility, it also results in a policy structure that engages different parts of South Asia through distinct and often unaligned priorities.

The consequences of this approach are evident in the evolving Afghanistan-Pakistan crisis. Since the U.S. withdrawal from Afghanistan in 2021, relations between Islamabad and the Taliban have deteriorated into sustained instability, including large-scale cross-border airstrikes, retaliatory attacks, and continued militant activity linked to TTP.⁴² This instability reflects the unresolved legacy of two decades of U.S. intervention, which ended without a stable political settlement and reduced Washington’s ability to shape post-withdrawal dynamics. The impact of this withdrawal has also extended beyond the region, with evidence showing a measurable decline in global perceptions of U.S. leadership and reliability following the collapse of the Afghan government.⁴³ As a result, the United States remains connected to regional security outcomes but lacks the leverage to manage them effectively.

Connected to the Afghan approach, U.S. policy towards India and Pakistan continues to operate along separate tracks that are increasingly difficult to rec-

39 “Gulf Allies Disappointed U.S. Didn’t Notify About Iran Attacks and Ignored Their Warnings, Sources Say,” *PBS NewsHour*, March 6, 2026, <https://www.pbs.org/newshour/world/gulf-allies-disappointed-u-s-didnt-notify-about-iran-attacks-and-ignored-their-warnings-sources-say>

40 Annelle Sheline, “Are Qatar and Saudi Arabia Reassessing Their Reliance on the US?” *Quincy Institute brief*, February 26, 2026.

41 C. Raja Mohan, “What the 2025 National Security Strategy Means for Asia,” *Foreign Policy*, December 8, 2025, <https://foreignpolicy.com/2025/12/08/2025-us-national-security-strategy-trump-asia-china-taiwan/>

42 Michael Kugelman, “While the Iran Conflict Continues, the Afghanistan-Pakistan Crisis Is Only Getting Worse,” *Atlantic Council*, March 5, 2026, <https://www.atlanticcouncil.org/dispatches/while-the-iran-conflict-continues-the-afghanistan-pakistan-crisis-is-only-getting-worse/>

43 Rachel Myrick and William Marble, “Foreign Policy Failures and Global Attitudes Towards Great Powers: Evidence from the US Withdrawal from Afghanistan,” *British Journal of Political Science*, published online January 2, 2026, <https://doi.org/10.1017/S0007123425101233>



People wait in long lines to obtain cooking LPG gas cylinders on March 14, 2026 in Noida, India. The situation was triggered by disruptions in global energy supplies linked to the Iran War and its effect on shipping passing through the Strait of Hormuz. (Sunil Ghosh/Hindustan Times via Getty Images)

oncile. India remains central to the Indo-Pacific strategy, yet bilateral relations have entered a period of strain. Trade disputes, including the imposition of significant tariffs, and disagreements over regional security issues have contributed to a breakdown of trust, even as defense cooperation continues.⁴⁴ This strain is compounded by U.S. engagement with Pakistan, which has regained relevance as a security and diplomatic interlocutor.⁴⁵ The result is a policy environment in which Washington aims to deepen ties with India while simultaneously relying on Pakistan, creating tensions that complicate both relationships rather than aligning them within a single strategic framework.

These structural tensions are further amplified by the spillover effects of the war with Iran. The conflict has disrupted energy flows and increased economic pressure across South Asia, with major economies, particularly India's, bearing a disproportionate share of the burden compared to China.⁴⁶ Simultaneously, the humanitarian consequences of the war have extended into South Asia, as thousands of Afghan refugees have attempted to return from Iran amid intensifying conflict and deteriorating living conditions, placing additional strain on already fragile communities in Afghanistan.⁴⁷ These developments demonstrate how security, economic, and humanitarian shocks originating in the Gulf are transmitted directly into South Asian systems.

However, U.S. responses to these developments remain fragmented. Engagement with India continues to be framed within the Indo-Pacific and competition with China, Pakistan is approached through counterterrorism and crisis diplomacy, and smaller South Asian states are engaged primarily through economic or governance initiatives. Even as the Iran war diverts U.S. military resources and strategic attention away from Asia and raises concerns among regional partners about reduced focus on China, policy responses remain fragmented and organized along separate regional and functional lines.⁴⁸ In

44 Lisa Curtis, Keerthi Martyn, and Sitara Gupta, *Repairing the Breach: Getting U.S.-India Ties Back on Track* (Washington, DC: Center for a New American Security, March 26, 2026), <https://www.cnas.org/publications/reports/repairing-the-breach>

45 Tripti Lahiri, Benoît Faucon, and Angus Berwick, "How Pakistan Wooed Trump and Styled Itself as a Peace Broker in Iran Conflict," *Wall Street Journal*, March 28, 2026, <https://www.wsj.com/world/middle-east/pakistan-trump-iran-war-84b8249e>

46 Atul Kumar, "The US-Iran War Affects India, Rest of Asia More Than China," *Observer Research Foundation*, March 10, 2026, <https://www.orfonline.org/research/the-us-iran-war-affects-india-rest-of-asia-more-than-china>

47 Donya Farahani, "Afghan Refugees and Iran's Poorest Bear the Brunt of War," *Deutsche Welle*, March 2026, <https://www.dw.com/en/afghan-refugees-and-irans-poorest-bear-the-brunt-of-war/a-76333109>

48 Rebecca Tan and Huiyee Chiew, "U.S. Allies in Asia Dread Protracted Iran War Will Shift Focus from China," *Washington Post*, March 28, 2026, <https://www.washingtonpost.com/world/2026/03/28/us-iran-war-japan-oil-prices/>

practice, this means that interconnected developments are addressed through distinct policy channels that do not fully account for how they interact.

Such patterns point to a consistent feature of U.S. engagement in South Asia: While the United States remains deeply involved across the region, its policies are structured around discrete objectives rather than an integrated regional framework. As a result, instability along the Afghan-Pakistani border, strain in U.S.-India relations, and spillover effects from the Iran war are not addressed as part of a single strategic environment but through separate and only loosely connected approaches. This is where fragmentation becomes visible: not in the absence of engagement but in the absence of a structure capable of aligning that engagement with the interconnected realities of the region.

Contradictions in U.S. Strategy Across Regions

The patterns observed in both the Gulf and South Asia point to a deeper structural contradiction in U.S. strategy. Even as Washington calls on regional partners to assume greater responsibility for security and crisis management, its policies constrain how those roles are enforced. The result is not a lack of engagement but a mismatch between expanding expectations and restricted capacity, producing a system in which cooperation persists without clarity and coherence.

This contradiction is evident in how burden-sharing is operationalized. In the Gulf, partners have increasingly taken on roles in crisis management, including participation in U.S.-backed stabilization efforts in Gaza. However, these arrangements operate without a shared political framework or clearly defined endgame. While Gulf Arab countries have framed their involvement in terms of a two-state solution, Israeli leadership has explicitly rejected such an outcome,⁴⁹ and U.S. policy has remained strategically ambiguous. Initiatives such as the Board of Peace reflect this tension: They expand regional participation but lack clarity in mandate, legitimacy, and long-term political direction, limiting the ability of partners to shape outcomes meaningfully.⁵⁰ In this sense, burden-sharing occurs without agency.

A similar pattern is visible in South Asia. The U.S. National Security Strategy positions India as a key regional actor, particularly in stabilizing Afghanistan and maintaining connectivity with Iran. However, policy decisions such as the revocation of the Chabahar port sanctions exemption have constrained India's operational space,⁵¹ undermining its ability to act as a stabilizing counterweight in precisely the regions where its role is most needed. Here, too, responsibility is acknowledged while the tools required to fulfill it are limited. Rather than enabling coordination, policy fragmentation narrows the capacity of partners to operate across interconnected regional spaces.

In the absence of alignment among expectations, authority, and strategy, regional actors are increasingly compensating on their own terms. The Saudi-Pakistan defense partnership is indicative of how states are constructing security linkages that directly connect Gulf and South Asian dynamics. They operate alongside existing U.S. frameworks rather than within them. Similarly, diplomatic engagement with Iran by both Gulf and South Asian actors, as well as Pakistan's role in crisis mediation, reflects a broader shift toward self-organized regional coordination. These developments do not signal a rejection of U.S. involvement, but an adaptation to its limitations.

49 "Israel's Netanyahu Says There Will Be No Palestinian State," Al Jazeera, September 11, 2025, <https://www.aljazeera.com/news/2025/9/11/israels-netanyahu-says-there-will-be-no-palestinian-state>

50 Alexander Langlois, "Why the Second Phase of Donald Trump's Gaza Peace Plan Is Failing," *Defense Priorities*, March 16, 2026, [<article link>](#)

51 Government of India, Ministry of External Affairs, "Lok Sabha Unstarred Question No. 1103: Revocation of Sanctions Waiver on Chabahar Port," December 5, 2025, Access document

What emerges, therefore, is not a decline of U.S. influence but a structural inconsistency in how it is exercised. Across both regions, partners are encouraged to do more, but are neither empowered to shape outcomes nor integrated into a coherent strategic framework. At the same time, the risks Washington seeks to manage – energy flows, conflict spillovers, and security partnerships – move fluidly across the Gulf and South Asia. U.S. policy, by contrast, remains organized along separate lines. This mismatch produces parallel and overlapping arrangements that increasingly link the two regions in practice, even as they remain divided in policy. In this sense, fragmentation is a direct outcome of a strategy that is not aligned with the structure of the regional system that is deeply integrated.

“Unlike the United States, whose regional role has long been defined largely by military presence and security guarantees, China’s engagement across the Gulf and South Asia is anchored primarily in economic statecraft.”

China’s Expanding Influence in the Gulf

Unlike the United States, whose regional role has long been defined largely by military presence and security guarantees, China’s engagement across the Gulf and South Asia is anchored primarily in economic statecraft. Beijing has avoided assuming the responsibilities of a security guarantor, instead expanding its footprint through trade, energy interdependence, infrastructure financing, and long-term commercial linkages. This distinction is measurable: China’s influence is embedded in markets, supply chains, and financial systems rather than alliance structures or military expansionism.

In the Gulf, this economic orientation is reflected in both the scale and structure of Chinese engagement. It is now the largest trading partner for several Gulf states, with bilateral trade exceeding \$100 billion with Saudi Arabia and over \$80 billion with the UAE, while total China-GCC trade has reached approximately \$300 billion annually. These ties are underpinned by energy flows, with China sourcing a substantial share of its crude imports from the Gulf. This includes more than 80% of Iran’s oil exports – roughly 1.38 million barrels per day – despite sanctions and ongoing conflict.⁵² Over time, China’s imports from Gulf producers have surpassed those of the U.S., reinforcing Beijing’s position as the region’s primary external economic partner.⁵³ These flows are complemented by investments in ports, industrial zones, and digital infrastructure, embedding China within the Gulf’s economic architecture without requiring a parallel security role.

Crucially, China’s regional engagement has continued through the war in ways that reinforce its long-standing strategic approach rather than alter it. Beijing has maintained parallel relationships with Iran and its Gulf rivals, issuing carefully calibrated calls for de-escalation that avoid assigning blame and preserve ties across competing actors.⁵⁴ Even though China remains Iran’s most important external partner in trade and diplomacy, its deeper and more sustained investments lie with Arab Gulf states, ensuring broader economic access during conflict. This reflects a structural feature of Chinese strategy: It does not operate through alliances and shows little willingness to assume direct security responsibilities beyond its immediate periphery. Accordingly, there is no indication that China would intervene militarily; instead, it confines its role to limited material support and diplomatic positioning while avoiding entanglement.

Meanwhile, the war has created indirect advantages for Beijing by tying down U.S. military resources and offering insight into U.S. operations, even as China

52 Kalpit A. Mankikar and Amit Ranjan Alok, “Beyond the Gulf: China’s Strategic Calculus in the U.S.–Israel Conflict with Iran,” *Observer Research Foundation*, March 21, 2026, <https://www.orfonline.org/english/expert-speak/beyond-the-gulf-china-s-strategic-calculus-in-the-us-israel-conflict-with-iran>

53 Andrew Leber, “Imports and Influence: China’s Growing Economic Presence in the Gulf,” *Carnegie Endowment for International Peace*, October 30, 2025, <https://carnegieendowment.org/research/2025/10/imports-and-influence-chinas-growing-economic-presence-in-the-gulf>

54 Henry Tugendhat, “China’s Middle East Ties Go Far Beyond Iran,” *The Washington Institute for Near East Policy*, March 10, 2026, <https://www.washingtoninstitute.org/policy-analysis/chinas-middle-east-ties-go-far-beyond-iran>

remains economically exposed, with roughly 45% of its oil imports transiting the Strait of Hormuz. China expands its economic and diplomatic footprint without assuming security risk, while the U.S. continues to bear the burden of providing hard security.

Growing Influence Across South Asia

A parallel pattern is visible across South Asia, where China has expanded its influence through sustained financial and infrastructural engagement anchored in measurable economic ties. Total trade between China and South Asia reached nearly \$200 billion in 2024, having doubled over the past decade. This includes nearly \$100 billion with India, \$23 billion with Pakistan, \$27 billion with Bangladesh, \$5 billion with Sri Lanka, \$1.5 billion with Nepal, and nearly \$1 billion with the Maldives.⁵⁵ These trade relationships are reinforced by large-scale infrastructure financing under the Belt and Road Initiative, in which Pakistan, Bangladesh, and Sri Lanka are key participants. The China-Pakistan Economic Corridor, valued at roughly \$62 billion, remains a flagship project in South Asia, though only about \$28 billion in funding has been disbursed to date, largely concentrated in energy and transport infrastructure projects. Beyond infrastructure, China has extended about \$48 billion in loans across South Asia, becoming the largest creditor to countries such as Pakistan, which owes nearly \$29 billion to Beijing.

These engagements extend beyond headline economic projects. China has also embedded itself across political, regulatory, and security sectors. It has become a leading supplier of defense equipment to several South Asian states, accounting for two-thirds of Pakistan's arms imports between 2020 and 2024 and supplying approximately 72% of Bangladesh's weapons between 2019 and 2023. At the same time, Chinese firms hold significant stakes in strategic sectors, including energy infrastructure and financial markets, including a 25% stake in the Dhaka Stock Exchange and 40% in the Pakistan Stock Exchange.⁵⁶ This layered engagement across trade, finance, infrastructure, and defense sectors allows Beijing to sustain influence across multiple sectors simultaneously while reinforcing dependence in South Asian countries.

Such developments point to a broader structural shift. China is not attempting to displace the United States as a security provider in either the Gulf or South Asia. Instead, it is embedding itself within the economic and institutional foundations of regional order, allowing it to expand influence without incurring the financial, political, or military costs associated with security leadership. More importantly, this expansion operates equally across both regions. Energy flows linking Gulf producers to Asian consumers, infrastructure investments connecting ports and corridors, and financial networks extending across multiple states reinforce a connected regional system in which China has a central role.

This stands in contrast to U.S. strategy, which continues to treat the Gulf and South Asia as distinct theaters. While Washington maintains extensive military commitments in the Gulf and relies on India as a balancing force in South Asia, China's approach cuts across these divisions, linking the two regions through economic and infrastructural networks. The result is not simply the expansion of Chinese influence, but the consolidation of a cross-regional system that operates beyond the boundaries of U.S. policy frameworks.

China's rise, however, does not merely challenge U.S. influence; it exposes the limitations of a strategy that remains compartmentalized while the regions themselves become increasingly interconnected. As economic flows, secu-

55 Aparna Pande, "China's Increasing Footprint in South Asia," *GIS Reports Online*, August 29, 2025, <https://www.gisreportsonline.com/r/china-south-asia-india/>

56 Aparna Pande, "China's Increasing Footprint in South Asia," *GIS Reports Online*, August 29, 2025, <https://www.gisreportsonline.com/r/china-south-asia-india/>

“What was once a set of parallel linkages – energy exports from the Gulf and labor migration from South Asia – has evolved into a tightly coupled system, particularly after the new wave of instability in the Middle East in which security shocks, economic disruptions, and political decisions now travel across the same networks simultaneously.”

rity risks, and political alignments move across the Gulf and South Asia, the absence of an integrated U.S. approach becomes more pronounced. This gap between how the regions function and how U.S. policy treats them underscores the need for a more coherent framework linking the two.

Why SAGE Is Needed

U.S. policy continues to treat the Gulf and South Asia as separate theaters even as crises, markets, and security dynamics increasingly bind them together. The SAGE framework offers a corrective to this mismatch by treating the two regions as a single strategic system rather than adjacent policy spaces. While such a framework has long been needed, the nature and speed of regional interdependence has elevated its importance. What was once a set of parallel linkages – energy exports from the Gulf and labor migration from South Asia – has evolved into a tightly coupled system, particularly after the new wave of instability in the Middle East in which security shocks, economic disruptions, and political decisions now travel across the same networks simultaneously.

This shift is what makes the present moment distinct. Earlier phases of Gulf-South Asia interaction were largely economic and could be managed within separate regional policies. Today, those same networks carry security consequences. The ongoing war has demonstrated that the effects of energy disruptions, maritime insecurity, and military escalation directly affect South Asian economies, supply chains, and political stability. At the same time, South Asian actors are no longer peripheral to Gulf security: Defense partnerships, diplomatic engagement, and labor force contributions position them within the Gulf’s security environment. The result is not simply interdependence but overlapping interdependence, where energy, labor, and security operate through the same set of relationships. This simultaneity – rather than the existence of linkages itself – is the new development.

SAGE responds directly to this change by organizing policy around three interlocking channels: energy and investment flows, labor and remittance networks, and cross-regional security dynamics, all observable pathways through which shocks penetrate and propagate. Disruptions in one channel now generate immediate aftereffects across the others. Energy shocks alter fiscal stability and industrial output in South Asia; labor market shifts in the Gulf reshape remittance-dependent economies; security developments link actors across both regions in ways that were far less pronounced in earlier decades. The key implication is that compartmentalized policy responses are insufficient because the system itself does not operate in compartments.

The practical value of SAGE lies in how it changes policy design. Instead of formulating decisions within regional silos, it embeds cross-regional impact assessment into the process. Policies related to Iran, maritime security, sanctions, labor mobility, and infrastructure are evaluated for how they affect interconnected systems across both regions. This allows policymakers to anticipate spillovers before they escalate into crises rather than reacting after disruptions have already propagated through the system. Diplomatic engagement to prevent escalation would then follow this preemptive approach, which is absent from existing policy frameworks.

Importantly, SAGE does not require the U.S. to replace its existing structure or alliances or expand its military commitments. It functions as an integrating layer that aligns diplomatic, economic, and security tools with the realities of an interconnected regional system. In doing so, it addresses a central weakness in the current approach: U.S. decisions deeply affect regional partners that are not systematically integrated into how those decisions are made or managed. By incorporating cross-regional linkages into policy planning, SAGE strengthens coordination and restores a degree of strategic coherence.

The contrast with current trajectories is instructive. While U.S. policy remains compartmentalized and reactive and China's influence has expanded by operating across these regions economically, SAGE offers a way for Washington to align its strategy with the functional operations of the regions. It seeks neither to replicate China's approach nor to abandon existing security commitments, but instead to ensure that U.S. engagement is not out of step with the structure of the regional system.

In this sense, SAGE is not simply a conceptual innovation but a timely adjustment to a changing strategic environment. The integration of energy, labor, and security networks has reached a point in which disruptions travel quickly, reinforce one another, and generate systemwide effects. A framework that recognizes and manages these dynamics is therefore necessary for restoring policy coherence to interdependent regions that cannot be understood – or managed – through separate lenses.

RECOMMENDATIONS

- 1 TREAT THE GULF-SOUTH ASIA CORRIDOR AS A SINGLE PLANNING PROBLEM**
- 2 BUILD CROSS-REGIONAL CHECKS INTO MAJOR POLICY DECISIONS**
- 3 STOP CONSTRAINING PARTNERS THAT CARRY REGIONAL STABILIZING CAPACITY**
- 4 WORK WITH, NOT AGAINST, DIVERSIFIED REGIONAL PARTNERSHIPS**
- 5 PRIORITIZE STABILITY OF FLOWS, NOT JUST CONTROL OF OUTCOMES**

U.S. policy should begin by recognizing that crises, energy flows, and security dynamics link the Gulf and South Asia. Treating them separately creates blind spots in both regions. Interagency processes should routinely integrate inputs from both regional desks. This is a definitional shift, not a structural overhaul.

Recent decisions on sanctions, military action, and infrastructure have generated unintended spillover across regions. These effects had not been anticipated because policies were assessed within narrow regional lenses. A cross-regional review for major decisions would reduce this gap. The aim would be to anticipate second-order effects before they escalate.

U.S. policy has at times limited the ability of partners to operate across regions, particularly through sanctions and connectivity restrictions. This weakens actors that could otherwise contribute to stability. If burden-sharing is to be meaningful, partners need operational space. Selective flexibility can strengthen, rather than dilute, U.S. strategy.

Regional actors are operating in an increasingly multipolar environment and are actively diversifying partnerships across security and economic domains. This reflects strategic autonomy, not disengagement from the United States. U.S. policy should acknowledge this reality and engage partners without forcing binary alignments. Working with these overlapping networks allows Washington to remain relevant while respecting the independent choices of regional states.

The current crisis in the Middle East shows that disruption spreads through energy routes, shipping lanes, and financial systems. Policy focused only on individual theaters misses how instability propagates. Maintaining the continuity of these flows is critical to regional stability. This requires coordination with allies and partners to manage systems, not just events.

Conclusion

The strategic task for the United States would be a shift from managing the Gulf and South Asia as separate arenas to operating within a single, tightly connected system in which instability, economic shocks, and competition move across shared networks in real time. In this environment, the priority shifts from reacting to crises to anticipating how disruptions will travel and compound. A SAGE-based approach enables policymakers to identify these transmission pathways early, align responses across regions, and engage

partners in ways that reflect how they already operate across overlapping economic and security linkages. What makes this moment distinct is that such interconnectedness is not occasional but structural, shaping the region as a matter of routine. Strategies built around isolated theaters will therefore continue to lag events, whereas a system-level approach makes it possible to manage escalation, protect critical flows, and reduce unintended consequences before they intensify.

In this context, SAGE is not simply an analytical shift but a necessary adjustment to a regional order where anticipation and early action has become essential to maintaining stability.

AUTHORS



Krishna Gopi Bhamidipati holds a Ph.D. from the Planning, Governance, and Globalization Program at Virginia Tech's School of Public and International Affairs where his research focused on India's foreign policy toward Israel, Iran, and the Gulf Cooperation Council countries. Before pursuing his doctorate, he worked as a journalist in the United Arab Emirates and India, covering regional geopolitics and international affairs. Bhamidipati bridges journalism and policy research, with a strong focus on the Middle East, South Asia, and the Indo-Pacific. He delved into India's West Asia policy and conceptualized Strategic Autonomy as a guiding foreign policy framework.



Contact

For media inquiries, email
media@newlinesinstitute.org

To learn more about New Lines' publication
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For other inquiries, send an email to
info@newlinesinstitute.org

A: 1660 L St. NW, Ste. 450
Washington, D.C., 20036

P: (202) 800-7302