



CURRENTS OF CONTROL Asia's Trade Through a World of Chokepoints



ZILLUR RAHMAN

PRESIDENT'S NOTE

Geography does not change. What changes is how much power we allow it to hold over us.

Since Operation Epic Fury began in February this year, we have all watched, in something close to real time, what happens when a narrow stretch of water stops being a passage and becomes a weapon instead. Iran's response in the Strait of Hormuz - drones, mines, a tanker traffic collapse that showed up in the numbers almost immediately - was a blunt reminder of how much of the world's energy still depends on one contested channel. And it did not stay contained. It spilled into the Red Sea, where the Houthi blockade of Bab al-Mandeb added its own layer of pressure. It brought back an old, half-answered question for this part of the world in particular: how much longer can Asia afford to lean so heavily on the Strait of Malacca, with the Kra Isthmus

bypass still more idea than infrastructure after all these decades of talk?

What emerges from the five essays in this issue is that these are not, in fact, separate stories. Underneath, it is one story, told from five different coastlines. Global trade still moves through a handful of narrow bottlenecks, and whoever can control or disrupt one of them ends up with far more leverage than their size on a map would suggest. Geography does not change. But it also does not forgive carelessness, and a strait that protects a nation today can just as easily become the reason the rest of the world decides to route around it tomorrow.

That is part of why this issue does not stop at the Middle East. The Panama Canal piece serves as a useful corrective reminder that none of this is new, that a fifty-mile cut through Central America has been quietly shaping freight costs and great-power decisions since 1914, long before anyone was talking about Hormuz. The

Arctic essay looks the other way entirely, and perhaps offers the most interesting counterpoint in this issue. Where Hormuz and Malacca are stories of old chokepoints under new strain, the Northern Sea Route is something closer to a new dream taking shape - an alternative artery between Asia and Europe. Russia controls the route and treats it as a national asset rather than an open corridor, even as it courts Asian partners eager for access. Competing claims around Svalbard, and the broader jostling among Russia, China, India, and the Arctic states, suggest that the Northern Sea Route will not escape the pull of power politics simply because it is new. It is a striking thing to find an essay about melting ice in the same issue as one about mined water in the Gulf.

For those of us based here, on the edge of the Bay of Bengal, this is not really an academic exercise. Our trade, our energy, a good deal of our economic future runs through exactly these kinds of corridors - the Malacca Strait chief among them. So, when a chokepoint elsewhere in the world seizes up, it is never entirely someone else's problem.

I want to thank the contributors to this issue, all of whom had to write about events that were, quite literally, still unfolding as they typed. We are not pretending to offer the last word on any of this - some of what is described in these pages may well have shifted again by the time you are reading it. What we hope we have offered instead is a way of holding these stories together, rather than apart, so that the questions we ask about them are a little better than the ones we started with.

I hope you find this issue useful, and I look forward to continuing these conversations at this year's Bay of Bengal Conversation.



President

Centre for Governance Studies

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RED SEA RECKONING



PARVEZ KARIM ABBASI

Weaponization of maritime choke points in the Arabian Gulf has been one of the most unsettling developments of the ongoing conflict in the Middle East between USA and Israel pitted against Iran and its regional proxies (namely, Houthis, Hezbollah, and Hamas). The closure of the Strait of Hormuz by the Iranians had wreaked havoc on the global economy in terms of disrupting maritime trade and energy supplies.¹ The crisis has been further exacerbated by the comprehensive maritime blockade of Bab al-Mandeb shipping route enforced by Yemen's Houthi rebels. This follows up on earlier threats made by senior members of the Iranian leadership in Tehran.²

Prime Real-estate Value

Bab el-Mandeb is a strait that connects the Red Sea to the Gulf of Aden, between Yemen and Djibouti at the southern end of the Red Sea. It is located between the southwestern tip of the Arabian Peninsula in Asia and the African continent, thus linking the Red Sea with the Gulf of Aden and the Indian Ocean. The strait is about 26-32 kilometers wide, with an average depth of 150 meters, between which some volcanic islands are scattered. At its narrowest point, of only 26 kilometers, it limits tanker traffic to two 2-mile-wide entry and exit lanes.³ The Red Sea corridor carries approximately 12 to 15 per cent of global trade volume and facilitates the transit of around 6 to 7 million barrels of oil and petroleum products per day.⁴ During that pre-war baseline, the strait facilitated the daily transit of roughly 12 percent of total seaborne traded oil and 8 percent of global LNG.⁵

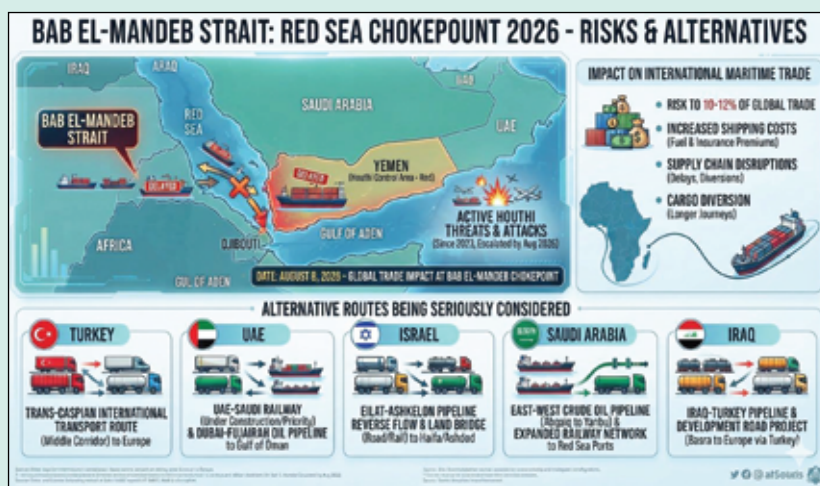
Counting the Cost of Disruption

If the strait becomes impassable, ships on the Asia-Europe and Asia-North Atlantic trade lanes are forced into a massive detour around Africa's Cape of Good Hope. These rerouting increases travel distances by 48 percent for cargo ships and 38 percent for tankers compared to pre-crisis baselines. Consequently, travel times can surge by

up to 45 percent for cargo vessels.⁶ The increase in energy and transportation costs also disrupts global value chains and adversely affects food security, industrial production, and global trade. Countries such as Egypt that are heavily dependent on maritime traffic through the Suez Canal are also severely impacted. The ongoing impasse in the Hormuz Strait has ironically increased reliance on the Red Sea route for oil-exporting countries like Saudi Arabia's East-West Pipeline, which connects the Abqaiq oil field in the Eastern Province to the port of Yanbu on the Red Sea.⁷ Thus, the Houthis have technically placed Saudi Arabia and other neighboring states in the region under a dual blockade by acting in tandem with Tehran.

Cashing in on Weaponized Interdependence

Iran's ploy of blocking the Hormuz and Bab-el-Mandeb Straits can be analyzed and interpreted in light of the theoretical framework of "Weaponized Interdependence" advocated by Henry Farrell and Abraham Newman in 2019.⁸ They argue that global networks are structured around asymmetric hubs. States that control these hubs can exploit them through "panopticon effects", enabling surveillance and information gathering, and "chokepoint effects", allowing them to restrict or deny access to adversaries. States would engage in what can be described as a "war of connectivity", where influence derives from control over the critical networks that sustain globalization. These include energy corridors, digital infrastructure, maritime routes, and financial systems. In such a context, interdependence itself becomes a weapon, and the power struggle unfolds



through the manipulation of flows rather than the occupation of territory.

Push for Alternate Routes

The ongoing uncertainty and risks surrounding existing maritime routes in the Arabian Gulf and the wider Middle East have led to frenzied attempts at rerouting and alternate corridors in the region. Revival of interest in developing land corridors as a means of reducing risk exposure emanating from maritime corridors. One is the revival of the 1908 Hejaz Railway which would create a land corridor connecting Saudi Arabia and Turkey through Jordan and Syria. Turkey has recently signed two memorandums of understanding with Saudi Arabia covering railways and logistics. In theory, an integrated land corridor connecting Asia with Europe could come into place with a continuous rail connection stretching from Turkey through Syria and Jordan to Saudi Arabia and eventually the Gulf states.⁹ Israel, on the other hand, is promoting the India-Middle East-Europe Economic Corridor (IMEC) that would run through the Gulf States, Jordan, and Israel. However, there has been little or no visible progress on that front. Syria, on the other hand, is pushing the "Four Seas" project, an initiative designed to connect the Persian Gulf, Mediterranean Sea, Caspian Sea and Black Sea through an integrated transportation and energy network.¹⁰

Oil pipelines are also being considered as an alternative to maritime routes. Iraq is negotiating terms with Turkey for its existing 600-mile-long pipeline, which runs from Kirkuk to Ceyhan on the Turkish coast of the Mediterranean. The visit of Iraq's new Prime Minister Ali al-Zaidi to the White House has also brought Iraq about \$60 billion-worth of contracts with American companies in several key sectors, including energy. With Syria, Baghdad is planning to revive the defunct Kirkuk-Baniyas pipeline, and with Jordan, it has agreed to accelerate the Basra- Aqaba pipeline project.¹¹

Regional Security Realignment

The ongoing conflict in the Middle East and the frequent missile and drone attacks launched by Iran and its regional proxies on commercial and physical infrastructure targets within Gulf nations have led to regionalization of security initiatives. US security umbrella is no longer seen as an effective or reliable guarantee by many Arab policymakers. On July 30th, Riyadh hosted the founding meeting of the fourteen-member Multinational Maritime Defense

Alliance, a new group for collective defense to "protect freedom of navigation, secure international trade routes and safeguard energy supply lines across the Bab el-Mandeb Strait, the Red Sea and the Gulf of Aden."¹² On August 7, Saudi Arabia, Pakistan and Turkey signed a joint defense agreement in Mecca, dubbed the "Mecca Joint Defense Agreement". The Agreement is intended to strengthen collective deterrence against any act of aggression and stipulates that an armed attack against any of the three would be regarded as an attack on all, they said in a joint statement.¹³ The fragmentation of regional security architecture and creation of competing blocs is a portent of the future.

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Bangladesh's Perspective

Bangladesh has been directly affected by the latest round of conflict between USA and Iran. Nearly 70 per cent of Bangladesh's exports, particularly shipments to Europe and the eastern coast of the United States, pass through the Red Sea and the Suez Canal. Shipping disruptions have sharply increased logistics costs. Fuel prices, vessel charter rates and labour expenses have all risen, while war-risk insurance premiums for ships using the Red Sea have increased by around three-and-a-half times. Air freight has also become considerably more expensive, with transport costs rising from about US\$0.50 per kilogram to almost US\$2.50, making express cargo shipments significantly costlier. Meanwhile, vessels avoiding the Red Sea are sailing around the Cape of Good Hope, extending voyages by 10 to 15 days and adding between 3,000 and 4,000 nautical miles. Cargo that previously reached European hub ports from Chattogram in 28 to 30 days now typically requires around 45 days. The delays are particularly damaging for Bangladesh's ready-made garment sector, where about 85 per cent of exports are tied to fast-fashion supply chains that depend on short delivery cycles. Congestion at transshipment hubs such as Singapore and Colombo has also reduced container availability, adding further costs for exporters and importers. The consequences extend beyond trade to inflation, foreign exchange reserves and energy imports. More than 40 per cent of Bangladesh's

remittances originate from the Middle East, reinforcing the country's interest in maintaining stability along regional shipping lanes.¹⁴ Bangladesh's participation in the Saudi-led Maritime Alliance can be viewed as a defensive maritime security measure driven by economic necessities.¹⁵ It would also allow the Bangladesh Navy to improve interoperability and operational coordination with partner countries.

Conclusion

Iran's Weaponization of maritime chokepoints has not only disrupted freedom of navigation as well as global commerce, trade, and energy supply chains, but it is also a harbinger of long-term uncertainty regarding the prosperity and security of the Middle East. The formation of regional security blocs in West Asia indicates competing visions in the neighborhood, which offer radically different pathways for the concerned actors. This does not bode well for developing countries like Bangladesh, which are charting a tortuous course amid a global economic downturn and changing trade dynamics. The twin disruptions in the Hormuz and the Red Sea will continue to cast a long shadow on the fluid geopolitical and geoeconomic chessboard of the twenty-first century.

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Parvez Karim Abbasi

Executive Director, CGS and

Assistant Professor, Department of Economics

East West University

THE MALACCA STRAIT DILEMMA AND THE KRA ISTHMUS BYPASS

Strategic Vulnerability and the Limits of an Overland Escape



NILOY RANJAN BISWAS

When Iran's naval command declared the Strait of Hormuz closed in early March 2026, the collapse that followed—a reported 95 percent fall in crude tanker traffic within weeks—did more than spike oil prices.¹ It exposed, in real time, just how much of Asia's trade still rests on a small number of narrow passages. The Strait of Malacca is the starkest case in point—more than 102,500 vessels transited it in 2025, up from roughly 94,300 the year before, according to Malaysia's Marine Department figures reported by Reuters—a corridor carrying the bulk of the energy imports and container flows moving between the Indian Ocean and East Asia.² Estimates place the total annual cargo value transiting the strait at roughly US\$ 3.4-3.5 trillion, including about two-thirds of China's seaborne trade.³ For China, this is not an abstract worry but a long-running strategic preoccupation. The majority of its imported crude still crosses waters it does not control, which Hu Jintao termed the "Malacca Dilemma", noting it as a vulnerability in 2003. The Hormuz crisis has revived that preoccupation and the discussion on an old fix — a corridor across Thailand's Kra Isthmus designed to let cargo skip the strait entirely. Thailand's land bridge will not, on its own, resolve China's dependence, nor anyone else's; what it does is sharpen a broader question for the region—how far Asia's trade geography can realistically be diversified away from a single chokepoint, and at what cost.

A Chokepoint by Design

Malacca's vulnerability is structural, not incidental. The strait narrows from roughly 370 kilometres at its northwestern mouth to under three kilometres at the Phillips Channel near Singapore, forcing over 100,000 vessel transits a year through a corridor.⁴ In principle, a determined actor may obstruct the sea lanes of communication in the strait. In practice, outright closure is unlikely: Indonesia, Malaysia, and Singapore all depend on unimpeded transit and cooperate closely on its policing through frameworks such as the Malacca Strait

Patrol. But unlikely is not impossible, and softer disruptions are already visible. Piracy and armed robbery in the Malacca-Singapore straits hit a nineteen-year high in 2025—108 incidents, a 74 percent jump from 2024—even if most were low-severity opportunistic theft rather than organized threats to shipping.⁵ For Beijing, the deeper worry has always been coercive interdiction rather than criminality: some 75 to 80 percent of China's crude imports transit the strait.⁶

The concern has a military logic that outlasts any single crisis. The strait sits within reach of naval assets operating out of Singapore, and any future Taiwan or South China Sea contingency would put China-bound shipping squarely within an adversary's interdiction range, a scenario Chinese strategists have discussed openly since Hu Jintao's original warning.⁷ Washington's deepening defence ties with Indonesia, formalized in a new bilateral partnership in April 2026, reinforce Beijing's sense that the strait's governance ultimately answers to interests it does not control, even as littoral states themselves insist on their own neutrality and management of the waterway.⁸ Geography tempers the starker readings of this exposure; however, unlike Hormuz, which has no practical detour, vessels can divert through Indonesia's Sunda and Lombok straits—slower and costlier, but not easily sealed, which is why analysts



Figure 1. Schematic comparison of the existing Strait of Malacca route and the proposed Kra Isthmus Land Bridge corridor. Illustration prepared for this article.

increasingly treat Malacca as more resilient than Hormuz even as concern about it grows.⁹

The Limits of China's Existing Workarounds

China has spent two decades building redundancy. The Kyaukphyu pipelines carry Middle Eastern and African crude and gas from Myanmar's Rakhine coast directly into Yunnan, but their roughly 440,000-barrel-per-day capacity is a small fraction of China's eleven-million-barrel daily import bill.¹⁰ That hedge is also increasingly fragile. The Kyaukphyu terminal has been delayed for over a decade, and Rakhine State is now a conflict zone where the Arakan Army controls most surrounding townships and has encircled the port-one reason Beijing likely treats any Thai corridor as a secondary hedge, not a primary route.¹¹ The US\$ 10 billion Pinglu Canal, due to open by the end of 2026, will give landlocked southwestern provinces a direct waterway to the sea, but it opens onto the Gulf of Tonkin, serving ASEAN-facing trade rather than bypassing Malacca for cargo arriving from the west.¹² A narrower hedge runs through Pakistan's China-Pakistan Economic Corridor and its Gwadar terminus, though chronic insecurity in Balochistan limits how much Beijing is prepared to depend on it.¹³ Analysts broadly agree that no existing combination of pipelines, ports, and rail can replace Malacca's throughput.¹⁴ It is against this backdrop of unsatisfying alternatives that the Kra Isthmus keeps resurfacing in Thai, Chinese, and wider regional planning circles alike.

The Kra Isthmus, Again

The idea is old! French engineers surveyed the isthmus for King Narai in 1677, and Siam bound itself by an 1897 treaty not to grant a canal concession without British consent-a restriction aimed at protecting Singapore, only revoked in 1954.¹⁵ Thai governments have revived and shelved the project roughly once a decade since, pivoting most recently from a canal to an overland Land Bridge concept under Prayut Chan-o-cha in 2020.¹⁶ The current version, championed by Prime Minister Anutin Charnvirakul, would link a new deep-sea port at Ranong on the Andaman Sea to one at Chumphon on the Gulf of Thailand via an 87-90 kilometre corridor of highway, rail, and

pipeline-not a sea-level canal but a trans-shipment bridge. The headline price is roughly 997 billion baht, about US\$31 billion, financed through a 50-year public-private concession, with government projections of a 1.5 percent GDP boost and 280,000 jobs.¹⁷ On 28 April 2026, Anutin's cabinet ordered a fresh ninety-day review of the corridor, with a formal proposal expected by end-2026 and construction targeted for 2030.¹⁸

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Why the Bypass Struggles to Convince

The Land Bridge's central weakness is one a canal would not share-cargo must be unloaded at one port, trucked or railed across the peninsula, and reloaded at the other-eroding much of the time saved by skipping Malacca.¹⁹ A former Bangkok deputy governor put the underlying problem bluntly, arguing that once real shipping economics are applied, "the numbers simply don't add up."²⁰ Moreover, the feasibility studies were divided; a parliamentary committee endorsed the project in early 2024 on official transport-ministry figures, while a later joint study by Thailand's National Economic and Social Development Council and Chulalongkorn University reached the opposite conclusion, finding that time lost to double-handling cargo at two ports largely

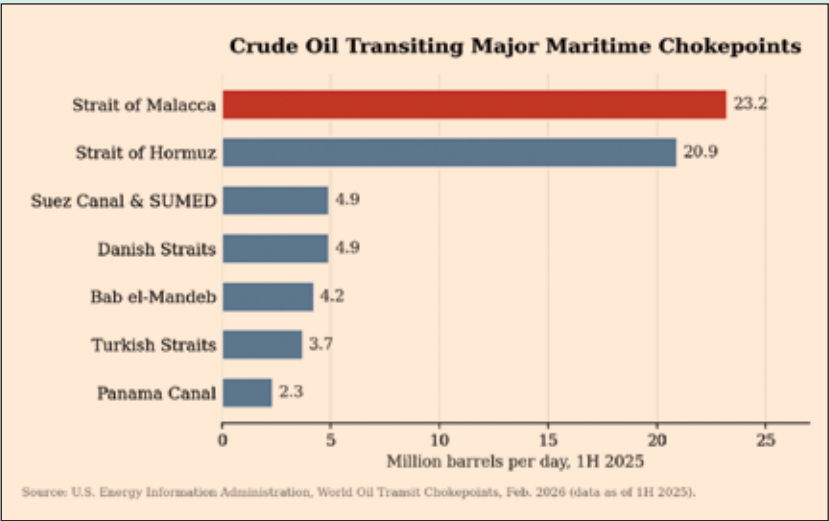


Figure 2. Malacca carries more daily oil volume than any other maritime chokepoint, including Hormuz – underscoring why no single bypass can substitute for it.

cancels out any time saved at sea.²¹

Environmental assessments project roughly one billion baht a year in lost fisheries income and disruption near six UNESCO World Heritage sites, while security planners worry about further separating Thailand's restive south from the rest of the country.²² Environmental groups further warn that the corridor would fragment the ecologically distinctive "Kra Ecotone," where the biogeography of mainland Southeast Asia meets that of the Malay-Indonesian archipelago, and academic and opposition voices in Thailand have questioned both the project's finances and the credibility of its impact assessments.²³

As of mid-2026, no international investor has made a binding financial commitment, and Malaysia's cheaper East Coast Rail Link-linking Kelantan to Port Klang-offers a more modest but more credible competitor for some of the same cargo.²⁴ Internal Thai cost comparisons reportedly still price a full sea-level canal at roughly double the Land Bridge's cost, an option officials describe as a "last resort" rather than an abandoned one.²⁵

The real limitation is the volume of trade. The Kra corridor has not yet become a true alternative to Malacca's capacity. In reality, a land bypass may not completely solve the Malacca Dilemma.

Conclusion: A Hedge, Not an Exit

None of this makes the Kra corridor strategically irrelevant. Even a partial diversion of container and energy traffic would reshape port revenues in Malaysia and Singapore and give Thailand new leverage as a logistics node between the Indian and Pacific Oceans. It would also thicken the Bay of Bengal's importance to regional security planning, adding a further layer to the Sino-Indian competition already visible in port investments across Bangladesh, Sri Lanka, and Myanmar.²⁶ India reads the same geography from the opposite shore. The Andaman and Nicobar Islands sit astride the strait's western approaches, and New Delhi has organised them under a joint defence command precisely because the position offers visibility over one of Asia's most important corridors though, as Indian analysts themselves concede, that proximity confers observation and complication rather than control.²⁷ Tellingly, India has not opposed the Kra corridor outright; it has signalled interest in participating, a reminder that

the project becomes more financeable, and diplomatically safer for Bangkok, the more it is framed as a neutral, multi-stakeholder ASEAN and BIMSTEC asset rather than a China-only artery.²⁸ The real limitation is the volume of trade. The Kra corridor has not yet become a true alternative to Malacca's capacity. In reality, a land bypass may not completely solve the Malacca Dilemma. Even so, it could provide a small buffer that eases the issue slightly, but the strait and the ASEAN-based security system led by Indonesia, Malaysia, and Singapore will likely remain the main route for Indo-Pacific trade for the foreseeable future. For policymakers, the more important question may not be whether the Kra corridor will ever be built, but rather how both regional and external countries will continue to support the diplomatic and naval systems that ensure Malacca remains open.

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Niloy Ranjan Biswas, Ph.D.

*Professor, Department of International Relations
University of Dhaka*

PANAMA CANAL : HOW FIFTY MILES OF CENTRAL AMERICA PRICE ASIAN TRADE



ROMAN UDDIN

A container ship leaving Shanghai for New York has a choice most travelers never face. It can cross the Pacific, thread a channel through Central America, and reach the American Atlantic coast in a few weeks, or sail around Cape Horn,^a once a journey of months. Before 1914, there was no choice at all, and rounding South America was the only option, roughly thirteen thousand nautical miles between New York and San Francisco. A fifty-mile cut through the Isthmus of Panama shortened that voyage to about five thousand two hundred miles, saving nearly eight thousand nautical miles¹ on a single American route. That saving, repeated across every trade lane touching the Americas, is why a modest Central American waterway still shapes freight bills in Dhaka, energy costs in Tokyo, and diplomatic calculations in Washington and Beijing.

A Century in the Making

Interest in an interoceanic passage date to Spain's colonial era, but the first serious attempt came only in 1881, when Ferdinand de Lesseps, fresh from building the Suez Canal,^b tried a sea-level channel through Panama's jungle. Disease and engineering miscalculation defeated him, and his

company collapsed in 1889 after tens of thousands of workers, mostly felled by malaria and yellow fever, had died.² Washington took up the project after Colombia's Senate rejected an American treaty in 1903,^c helping precipitate Panama's separation from Colombia that same year. Within weeks, the new Panamanian government^d signed the Hay-Bunau-Varilla Treaty,³ granting the United States rights to build and control a canal zone. American engineers, led eventually by George Goethals, finished the canal in 1914. Sovereignty passed to Panama under the Torrijos-Carter Treaties of 1977; full transfer was completed in 1999, and the Panama Canal Authority has operated the waterway since. A decade-long expansion, completed in 2016, added a third



Figure 1: Major Shipping Routes via the Panama Canal and Alternative Routes around Cape Horn.
Source: Author's illustration based on Panama Canal Authority trade-route information.

^a Cape Horn is the rocky southern tip of South America, in Chile. Before the Panama Canal opened, ships could also round South America through the Strait of Magellan or the Beagle Channel, but many large sailing ships preferred Cape Horn's open water to the narrower, harder-to-navigate straits.

^b The Suez Canal, opened in 1869, cuts through Egypt to link the Mediterranean and Red Seas, letting ships travel between Europe and Asia without sailing around Africa. Its success inspired the attempt to build a similar canal in Panama.

^c The treaty was the Hay-Herran Treaty, which would have given the United States rights to build a canal through Colombia's Panama province. When Colombia's Senate refused to ratify it, Panamanian business leaders revolted against Colombian rule weeks later, a revolt the United States quietly supported, including with naval ships that kept Colombian troops from reaching the isthmus.

^d This was the government of the newly declared Republic of Panama, formed only weeks after its break from Colombia. Its treaty with the United States was negotiated and signed on Panama's behalf by Philippe Bunau-Varilla, a French engineer acting as Panama's envoy in Washington, not a Panamanian citizen.

set of locks for larger Neopanamax vessels.^{e4}

The canal now carries about five percent of world seaborne trade by the Authority's own measure,⁵ a modest global share that understates its importance on particular routes. Roughly 40% of United States container traffic passes through it, and the United States is the origin or destination for around 70% of the canal's cargo, with China a distant second at roughly a fifth.⁶ Trade between East Asia and the American East and Gulf coasts, including containerized goods, liquefied natural gas, grain, and vehicles, depends on the canal because the alternatives, around South America or through Suez, add considerable time and cost. In fiscal year 2024, the waterway carried more than two hundred ten million long tons of cargo across roughly eleven thousand transits and generated over three billion dollars in tolls,⁷ with 2026 traffic running ahead of last year.⁸

A Question of Water

None of that moves without fresh water. Ships are lifted through the locks using water drawn from Gatun Lake, an artificial reservoir, and each transit consumes tens of millions of gallons that never return to the system. When rainfall runs short, the Authority rations water by limiting ship draft or daily transits. That happened in 2023, when an El Niño event^f left Panama with its third driest year on record, and Gatun Lake fell so far that daily transits were cut from a normal thirty-six to twenty-two by December 2023, with full capacity only returning that August.⁹ A scientific assessment found El Niño, not a detectable climate trend, roughly doubled the likelihood of that low rainfall, though rising water demand made it worse.¹⁰ A

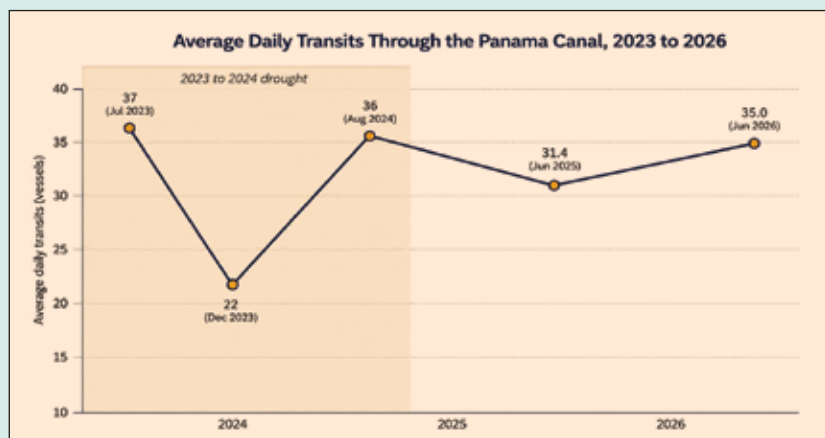


Figure 2: Average daily transits through the Panama Canal (vessels per day), selected observation dates, July 2023 to June 2026. Sources, U.S. Energy Information Administration and Sea trade Maritime, citing Panama Canal Authority data; and the Panama Canal Authority's fiscal year 2026 traffic report.

new El Niño developing through 2026 has prompted the Authority to cut Neopanamax draft limits in stages since July,¹¹ though officials have so far avoided cutting daily transit numbers.

How Disruption Reaches Asia

Because so much of the canal's business connects East Asia with the American East Coast, disruption there reaches Asian supply chains mainly through freight rates rather than any direct blockage of Asian ports. That mechanism was evident in 2023 and 2024. As Panama's drought was cutting canal transits, a separate crisis broke out in the Red Sea,⁹ where Houthi^h fighters began firing on commercial ships. Most shipping lines responded by avoiding the Red Sea altogether, sailing the long way around Africa's Cape of Good Hopeⁱ instead.¹³ With two of the world's main shortcuts constrained at the same time, container shipping rates from Shanghai to the American coasts and to Europe jumped sharply within weeks. The United Nations trade body^j warned that if this continued, it could push consumer prices higher around the world.¹⁴ Not every Asian lane is equally exposed.

^e Neopanamax refers to ships built to the maximum size the canal's expanded locks can hold, roughly twice the cargo capacity of the older Panamax vessels the original locks were designed for.

^f El Niño is a recurring climate pattern in which the central Pacific Ocean warms and shifts rainfall away from parts of Central America, typically every two to seven years.

⁹ The Red Sea separates northeast Africa from the Arabian Peninsula and connects to the Mediterranean through the Suez Canal, making it one of two main shortcuts, along with Panama, between Asia and the West.

^h The Houthis are an armed group controlling much of Yemen. Beginning in late 2023, they started firing on commercial ships in the Red Sea, mainly in stated solidarity with Palestinians during the Israel-Hamas war.

ⁱ The Cape of Good Hope, at the southern tip of Africa, is the long alternate route ships take to avoid the Red Sea and Suez Canal, adding roughly one to two weeks to an Asia-Europe voyage.

^j This refers to UNCTAD, the United Nations Conference on Trade and Development, which tracks global shipping and trade data.

Cargo bound for the American West Coast rarely needs Panama, while cargo destined for the American East and Gulf coasts, and American gas and farm exports to Asia, are most sensitive to a Panama slowdown.

That sensitivity has mattered again in 2026. Since this year's Iran-United States-Israel war,¹⁵ Iran has intermittently closed the Strait of Hormuz,^k through which around a fifth of the world's oil and a substantial share of its liquefied natural gas normally passes.¹⁶ Ceasefires in April and June briefly reopened the strait before fighting resumed in July, and by August transits remained far below prewar levels while oil prices stayed elevated.¹⁷ Houthi forces resumed Red Sea attacks in solidarity with Iran, undercutting the cautious return to Suez routings carriers including Maersk had only just begun.¹⁸ There is no direct link between the Gulf and Panama. The connection is that when Hormuz, the Red Sea, and Panama's water management are all under strain in the same year, shippers have fewer safe alternatives, and the cost pressure reaches Asian traders regardless of which chokepoint is blocked.

The Fight Over the Ports

A parallel dispute over the canal's ports has run alongside these events. President Trump has repeatedly asserted that China effectively operates the waterway, a claim Panama has consistently rejected;¹⁹ the Panama Canal Authority has run the canal throughout. What his rhetoric actually pointed to was a Hong Kong company's concession to run the Balboa and Cristobal port terminals.²⁰ In January 2026 Panama's Supreme Court voided that concession over alleged lost revenue, handing the ports on an interim basis to units of Maersk and Mediterranean Shipping Company.²¹ CK Hutchison called the move unlawful and began arbitration, while China's foreign ministry protested sharply.²² A separate, larger sale of CK Hutchison's global port network remains stuck on Beijing's demand for a controlling stake through COSCO.²³ None of this amounts to Chinese control of the canal, but it shows how port contracts have become proxies in a wider contest over influence in the Americas.

Bangladesh's own shipping barely touches Panama directly. More than seventy percent of the country's export containers, overwhelmingly readymade garments bound for Europe, the American East Coast, and Canada,

normally cross the Red Sea and Suez Canal rather than the Pacific route Panama serves.²⁴ The exposure that matters for Dhaka runs instead through the compounding effects described above. When Hormuz and the Red Sea are disrupted while Panama manages its own water constraints, freight capacity tightens across every lane at once, and Bangladeshi exporters reported freight surcharges of several hundred dollars per container in 2026,²⁵ alongside higher fuel costs tied to Gulf energy disruption.²⁶ The link to Panama is indirect, but in a system where every major shortcut is under strain simultaneously, an economy as trade-dependent as Bangladesh has little insulation.

The connection is that when Hormuz, the Red Sea, and Panama's water management are all under strain in the same year, shippers have fewer safe alternatives, and the cost pressure reaches Asian traders regardless of which chokepoint is blocked.

A canal finished in 1914 was built to shorten one nation's coastal shipping. It has become something else, a pressure points where drought in Central America, war in the Persian Gulf, and great power rivalry in Panama City all register, almost at once, in the cost of moving a container from Asia to anywhere else. None of these pressures are likely to ease soon, and they rarely arrive one at a time. For the economies at the far end of these supply chains, from Tokyo to Dhaka, the practical lesson is not that any single chokepoint will fail, but that so many now sit exposed to the same run of bad luck at once.

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Roman Uddin

Senior Research Associate

Centre for Governance Studies (CGS)

ASIA'S NORTHERN AMBITIONS IN THE WARMING ARCTIC



DEBI KARMAKAR

"Fear of missing out is pushing countries to be present in the Arctic and exert political influence, whether or not melting ice ultimately opens the region" said Torbjorn Pederson, Professor in the Faculty of Social Sciences.¹ The Arctic is emerging as a potential alternative to traditional maritime chokepoints such as the Strait of Hormuz and the Suez Canal. The Northern Sea Route is the primary artery of the Arctic maritime theater. The Northern Sea Route, stretching along Russia's northern coast to the Bering Strait, could open new possibilities for Asia-Europe trade. China's ambition to develop a Polar Silk Road connecting Asia and Europe depends on cooperation with Russia and access to the Northern Sea Route. **Russia has presented the Northern Sea Route as an international commercial corridor, but it might not be the case on the ground.**² Russia treats this route as a historically developed national transport route, and maintains extensive regulatory authority over navigation along it. This raises questions about whether the NSR can truly function as an international commercial corridor.

Russia wants to be a fallback partner for countries in the Indo-Pacific region in energy, logistics, and supply-chain resilience.

Melting ice has not only drawn major Asian countries like China, India, and Japan into the Arctic geopolitical arena but has also intensified regional tensions among Arctic countries such as Russia, Norway, the USA, and Denmark. Alongside the US's ambitions to gain control of Greenland, another power drama is unfolding in Svalbard, Norway's northernmost archipelago. This northern point has become a strategic arena of power projection because of both its geography and the 1920 Svalbard Treaty.³ Norway has absolute sovereignty over Svalbard, but citizens of the treaty's signatory countries, including Russia and China, can work and live in Svalbard visa-free. Russia has strengthened its presence around Svalbard, causing friction with Norway.

Alongside China, Japan and South Korea, another Asian country with a footprint in Svalbard is India. India established its first research station in 2008 on the island of Spitsbergen. To complement Himadri, India deployed the IndARC Observatory in July 2014.⁴ India's legal right to operate in Svalbard stems directly from the 1920 Svalbard Treaty, to which British India was a signatory. Independent India actively revived this historic tie in 2007 by launching its first dedicated scientific expedition to Svalbard.⁵

Russia Opens the Arctic Door to India

The current blockade of maritime routes following the recent U.S. and Israeli military operations highlights the importance of reliable supply chain and logistics. The ongoing Middle East conflict has exposed how vulnerable modern warfare is to disruptions in fuel corridors and airlift capacity.⁶ In contemporary conflict, logistics is no longer a backstage function. It is the battlefield itself. Days before President Vladimir Putin visited India, Russia ratified the Reciprocal Exchange of Logistics Agreement (RELOS), a military pact which had been under negotiation with India for years. Though signed in Moscow on February 18, 2025, the agreement formally entered into force on January 12, 2026.⁷ RELOS allows India and Russia to provide reciprocal logistical support to each other's warships and aircraft, including access to military bases, ports, repair facilities, refueling infrastructure, and maintenance services. For India, which still operates many Russian military platforms, access to maintenance facilities and spare parts is crucial. Strategically, RELOS also expands India's reach into Russia's Arctic and Far North, including facilities along the Northern Sea Route. Russia wants to be a fallback partner for countries in the Indo-Pacific region in energy, logistics, and supply-chain resilience. Given Russia's strained relationship with Europe and the extensive sanctions imposed on it, Moscow is seeking greater integration with the Indo-Pacific region and greater access to naval ports around the Indian Ocean.

Asia's Growing Stakes in the Arctic

No South Asian or East Asian countries have territory in

the Arctic. However, China, India, South Korea, Japan, and Singapore hold observer status in the Arctic Council without voting rights.⁸ Although they are all Asian countries, each is navigating icy waters according to its own geographical and economic interests. China has declared itself a 'near Arctic state' as a great power. On the other hand, Japan, South Korea and Singapore have greater commercial interest in the Arctic. South Korea, as a major shipbuilding nation, seeks to connect the Northern Sea Route shipping with the port of Busan. Among the Asian observer states, South Korea was the first to formulate an Arctic policy. Japan is geographically the closest nation to the Arctic. Japan describes its Arctic ambitions as part of its broader ocean strategy. Japan operates its research station on the island of Spitsbergen in Svalbard. Although Japan describes its Arctic policy as primarily research-based, Russia may ultimately stand in the way of Japan's pursuit of greater economic opportunities in the Arctic.

The Arctic is no longer an isolated wasteland but is emerging as a high-speed corridor for global connectivity and digital infrastructure. Today, over 90% of data traffic between East Asia and Europe passes through vulnerable maritime chokepoints like the Red Sea and the Strait of Malacca.⁹ Recent cable cuts and geopolitical turmoil in the Middle East have exposed the fragility of global internet backbone infrastructure. Finnish, Japanese, and North American partners are developing Far North Fiber to connect Japan and Europe through the Northwest Passage and North America.¹⁰ Routing fiber through the ice-covered Arctic Ocean reduces latency between Tokyo, London, and the Nordics by 50 milliseconds while creating a secure alternative to traditional Southern routes.¹¹ South Korea is expected to serve as one of 'Polar Connect's East Asian landing points. This project aims to establish a subsea optic network between Europe, Asia, and North America.¹² It is currently in its second development phase, which runs from 2026 to 2028. It will provide data connectivity along the shortest route, while reducing dependence on vulnerable traditional corridors such as the Suez Canal, the Red Sea, and the Strait of Malacca.



Source: UK Government Office for Science, *Future of the Sea: Implications from Opening Arctic Sea Routes* (2017).

Balancing act with Russia

Since the very first India -Nordic Summit in 2018, relations between India and Nordic countries have become increasingly institutionalized. India and the four EFTA states signed the Trade and Economic Partnership Agreement (TEPA) in March 2024.¹³ Building on this broader cooperation, the official focus of his recent Gothenburg visit and the subsequent India-Nordic summit in Oslo centered on innovation, green transition, AI, and advanced manufacturing. On the surface, India-Nordic cooperation may appear to focus mainly on technological innovation and defense dialogue. But in reality, India is just broadening its network of strategic partners alongside Russia. Cooperation with the Nordic countries can be invaluable to India as these countries exercise considerable political influence in the world power game.¹⁴ One major source of tension in the India-Nordic relationship is India's strategic alignment with Russia. The US has sanctioned several Indian companies and individuals for exporting "dual-use" goods that could be used in Russian defense manufacturing. India has been a long-standing ally of Russia and maintained close strategic and economic relations with Russia despite the war in Ukraine, while publicly advocating dialogue and diplomacy to end the conflict. India relies on Russia for crude oil imports, particularly as crude oil supplies from the Middle East have faced disruption.¹⁵ Only by carefully safeguarding the relationship with Nordic countries can India sustain its Arctic ambitions in the long term. India pursues a policy of strategic autonomy. It uses Nordic partnerships for technology, climate research, and green manufacturing, while partnering with Russia for energy security and

polar maritime navigation. Russia accounts for roughly 53% of the Arctic coastline.¹⁶ Commercial use of the Northern Sea Route requires cooperation with Russia, as it runs along Russia's Arctic coast. However, access to Arctic oil, gas, and critical minerals does not necessarily require Russian cooperation, as these resources are also found in other Arctic states.

Both South Korea and Japan recognize that growing risks in traditional chokepoints such as the Red Sea and the Suez Canal make Arctic routes strategically vital. South Korea is preparing a pilot Arctic voyage between Busan and Rotterdam in 2026 as part of its broader plan to establish a regular Korea–Europe Arctic shipping route by 2030.¹⁷ South Korea and Japan are investing heavily in next-generation icebreakers: for example, Japan's 'Mirai II' research vessel and South Korea's state-funded icebreaker initiatives.¹⁸ Both countries have deepened polar scientific, environmental, and diplomatic ties with western Arctic states such as Canada, the US (Alaska), Norway, and Denmark, focusing on green shipbuilding, autonomous navigation, and polar climate research. South Korea is also considering alternative routes to the NSR as it prepares for expanded Arctic shipping.

The Arctic is no longer an isolated wasteland but is emerging as a high-speed corridor for global connectivity and digital infrastructure.

The Arctic Endgame

The real question is not who will win the Arctic race, but whether competing states can cooperate long enough to keep the emerging route navigable, stable, and governable. In the Arctic, even rivals eventually meet on the same slippery ice. The Arctic endgame, however, will not be decided by any country successfully excluding all the others. Russia controls much of the coastline and infrastructure surrounding the Northern Sea Route,

The Northern Sea Route (NSR) runs along Russia's Arctic coast from the Barents Sea to the Bering Strait and sits at the center of Asian interest in Arctic shipping. Compared with the Suez Canal route, it can shorten the Asia–Europe journey by about 7,000 kilometers.¹⁹ Yet the NSR remains seasonal, costly, and dependent on Russian infrastructure. Ships often require icebreaker support to navigate the Northern Sea Route. Operators must also comply with Russian regulations and manage sanctions-related risks.²⁰ Moscow has repeatedly revised its cargo targets for the route: It reflects how difficult

large-scale commercial expansion remains. The Bering Strait adds another strategic constraint because every NSR voyage must pass between Russia and Alaska. Climate change has reduced Arctic Sea ice and opened longer navigation windows, but conditions remain unpredictable. Floating ice, harsh weather, limited infrastructure, and political tensions continue to restrict year-round use. For Asian shippers, the NSR offers potential, but it is still far from becoming a reliable alternative to the Suez Canal.

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Debi Karmakar

Senior Research Associate
Centre for Governance Studies and
Assistant Editor, CLIPS

UPCOMING EVENT



Bay of Bengal Conversation 2026

The Bay of Bengal Conversation (BoBC) is an annual international strategic dialogue hosted by the Centre for Governance Studies (CGS) in Dhaka. Its fifth edition will take place from 3 to 5 October 2026 under the theme "Fragments, Frontiers & Futures: Navigating Power, Technology and Trust in a World Rewritten."

BoBC 2026 will bring together political leaders, policymakers, diplomats, military officials, business executives, technology innovators, academics, journalists, civil society representatives, and young leaders from different regions. The conference is designed as an inclusive and non-aligned forum for examining how geopolitical rivalry, technological disruption, economic realignment, climate pressures, and declining institutional trust are reshaping regional and international affairs.

Its programme is organized around five strategic pillars: Power in Transition; the Technology Frontier; the New Economic Geography; Climate, Resilience and Human Security; and Trust, Democracy and the Future of Governance. These themes will be explored through plenary sessions, leadership forums, strategic dialogues, studio sessions, fireside conversations, and a Young Leaders Forum.

Through dialogue across sectors and borders, the conference seeks to strengthen policy exchange, encourage informed debate, build networks for cooperation, and deepen understanding of the Bay of Bengal's place within the Indo-Pacific and the wider international order.

THE STRAIT OF HORMUZ: WHEN GEOGRAPHY BECOMES POWER-AND A TRAP



IMRAN HOSEN

Once again into the age of protracted conflict,¹ the Strait of Hormuz repeated a rule in international politics, which can be echoed this way that geography might change, but it never dies.² Operation Epic Fury, which was initiated by the U.S. and Israel against Iran on February 28, 2026,³ woke it. Iran did back its counterattack with drones, missiles, speedy boats, and naval mines. But what was surprising is that a narrow sea became a weapon. Though Iran attained bargaining power, it did not achieve a clear strategic victory. Need to take this into consideration that Hormuz protects Iran only while the world relies on it; abuse of it will make other states possibly be forced to build routes around both the strait and Iran.

Geography, Law, and Asymmetric Power

Hormuz is about 33 kilometers wide at its narrowest side. Iran lies north and Oman south; their territorial seas cover the channel. No state owns the entire strait. When discussing international shipping, it is important to note that transit rights exist under customary law⁴ and the United Nations Convention on the Law of the Sea, even though neither Iran nor the United States has ratified this convention. In practice, Iran has local "denial power,"⁵ Oman has coastal jurisdiction, and the United States has offshore strike power.⁶

This particular war crisis revives the classical geopolitics into the modern drone age, citing the references of the Russia-Ukraine war.⁷ Here Hormuz shows the maritime version.⁸ Iran cannot match American one to one ship, yet mines, missiles, drones, and conducting attacks through small boats make a narrow channel much more deadly and dangerous. This strategy is some sort of asymmetric

deterrence⁹ where geography allows a weaker state to surpass a stronger one locally.¹⁰

War, Bargaining, and the Politics of Control

The crisis began when Operation Epic Fury killed Iran's supreme leader and struck military and nuclear sites. In response, Iran retaliated against ships and Gulf targets, traffic fell about 70 percent, and the strait effectively closed.¹¹ The June 17 memorandum¹² assured toll-free passage for 60 days, sanctions relief, uranium talks, and forthcoming Iranian-Omani supervision. It collapsed on July 8 after attacks by both sides. On July 20, mediators offered a new 10-day ceasefire, but it remains a proposal, not peace.

Based on the current scenario, Hormuz is becoming Iran's most important bargaining chip by altering Washington's cost calculations; however, it is essential to remember that control does not equate to ownership. Iranian leaders are using speech acts¹⁴ to frame control as a security guarantee and resistance as a matter of national survival. From both sides, social media casts Iran as a gatekeeper, America as a guardian, and both as winners. These sorts of securitizations¹⁵ may help to build consent, but perpetual public support is still unproven. Iran here is a counter-norm entrepreneur;¹⁶ it tries to



Fig. 1. The Galaxy Globe bulk carrier and the Luojiashan tanker anchored in Muscat, Oman, while shipping through the Strait of Hormuz remained severely restricted. Source: Benoit Tessier/Reuters.¹³

normalize selective passage and fees against free transit.

Global Economic and Human Costs

The conflict has clearly led to increased oil prices, which has caused additional suffering, as the Strait of Hormuz transports approximately 20 million barrels of oil daily, accounting for about one-fifth of global petroleum consumption and one-fifth of traded liquefied natural gas.¹⁷ But apart from that, the human cost surpasses petrol prices. Hormuz also carries fertilizer, food, medicine, and aid. If the conflict persists, WFP projects up to 45 million additional acutely hungry people, including 9.1 million in ten Asian states.¹⁸ Again, it is also predicted that there is possible famine in Sudan, South Sudan, or Somalia. The IMO reports around 20,000 seafarers and workers affected; its evacuation plan covered over 11,000 sailors.¹⁹ Naval coercion punishes people who never chose war.

Asia having the greatest external risk, 84 percent of crude and 83 percent of LNG crossing Hormuz went there in 2024.²⁰ China cannot simply celebrate the Iranian influence. Iran, China, and Russia oppose the Western-led order, but again, the coordination that took place among these three is a transactional alignment,²¹ not a reliable authoritarian alliance. China wants secure energy; neither partner conclusively rescued Tehran. Dependence on Chinese yuan, markets, or technology would replace Western pressure with another dependency.

Gulf states require shared pipelines and electricity links as well as a non-aggression pact. Iran should accept nuclear verification and stop attacking the neighbors since it led to distrust; on the other side, Gulf states should behave by considering the cost-benefit analysis.

De-escalation and the Strategic Trap of Hormuz

Additionally, the presence of Iran's sea mines on Hormuz²² increases the level of danger. Now, regarding the solution, the UN could potentially play a role, but it should not deploy forces because doing so requires both consent and a Security Council mandate, as well as significant resources. It should authorize an IMO-led safety mission and neutral mine clearance; Japan might be a credible candidate. Resolution 2817 condemns

attacks on Gulf states and shipping; enforcement should combine monitoring, defensive escort, investigation, and targeted penalties, not collective punishment.²³

A settlement should establish a joint Iranian-Omani Centre, re-establish the 1968 IMO traffic scheme, divide ships into northern and southern lanes and set up a military hotline.²⁴ International law would be challenged by tolls just for passing through. If service fees are inevitable, they should be uniform, transparent, subject to IMO audit, exempt from sanctions, deposited in dollar or multi-currency escrow²⁵ and used for safety, mine clearance, compensation and reconstruction, not controlled by the IRGC.

On the other side, Washington should avoid practicing coercive diplomacy²⁶ for regional stability. A permanent blockade or regime change would not bring any solution and, of course, not stability. Gulf states require shared pipelines and electricity links as well as a non-aggression pact. Iran should accept nuclear verification and stop attacking the neighbors since it led to distrust; on the other side, Gulf states should behave by considering the cost-benefit analysis. America also needs to accept that domination does not equal to stability. Peace must be designed, not merely declared.

No one won the race pragmatically. Iran attained tactical victory by denying the passage and forcing talks but also suffered in other ways. Over 90 percent of its maritime trade also uses Hormuz.²⁷ The idea is simple, whoever closes a gate may lock himself inside. America damaged Iran but failed to reopen the strait or achieve maximal aims. In the future, the Gulf will be more militarized, diversified, and, to some extent, Asian-focused. Perpetual peace is possible if interdependence becomes a rule, not a hostage. Hormuz is Iran's strongest weapon, only once. Repeated use makes it a weakness, teaches markets to escape, and turns geographical privilege into isolation.

Endnotes

¹ A protracted conflict is one that continues for an extended period without a decisive settlement and is often marked by recurring violence, failed ceasefires, and prolonged negotiations. For an application of this concept, see I. A. Jasmin and I. Hosen, "One Man's Vision, One Protracted War: Vladimir Putin and the Russia-Ukraine Conflict," *BISS Journal*, vol. 47, no. 1, pp. 119-142, 2026, doi: 10.56888/biiss-journal.v47i1.a965.

² This means that geographical conditions and their

- importance may evolve, but geography remains a lasting influence on states and international relations.
- ³ Davit Khachatryan, "Operation Epic Fury, Regime Change, and the Collapse of Legal Constraint," CIP, March 4, 2026, <https://internationalpolicy.org/publications/epic-fury-international-law/>.
 - ⁴ International rules developed through the consistent practices of states that are accepted as legally binding
 - ⁵ The ability to prevent another state from using a territory or route, even without fully occupying or controlling it.
 - ⁶ Here, "offshore strike power" refers to the United States' capacity to conduct attacks from sea-based platforms, including carrier-based aircraft and cruise-missile-equipped surface ships and submarines.
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 - ⁸ Here, the "maritime version" refers to asymmetric warfare at sea, in which a weaker state uses geography, drones, missiles, naval mines, and small boats to challenge a conventionally stronger naval power.
 - ⁹ A strategy in which a weaker actor uses cheaper or unconventional weapons to make an attack too costly or dangerous for a stronger opponent.
 - ¹⁰ Keith Johnson, "Iran Is Putting a 'Toll Booth' in the Strait of Hormuz," Foreign Policy, July 21, 2026, <https://foreignpolicy.com/2026/03/26/iran-strait-hormuz-war-tolls-shipping/>.
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 - ¹³ Ferragamo, "The Strait of Hormuz."
 - ¹⁴ A statement that does more than describe a situation; it attempts to create a political effect, shape public opinion, or justify action.
 - ¹⁵ The process of presenting an issue as an urgent or existential security threat to justify extraordinary measures.
 - ¹⁶ An actor that attempts to establish a new rule or practice that challenges an existing international norm.
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 - ²¹ Cooperation based mainly on immediate practical interests rather than permanent friendship, shared ideology, or a formal alliance.
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 - ²⁵ An account in which money is held by a trusted third party and released only when previously agreed conditions are fulfilled.
 - ²⁶ The use of threats, sanctions, or limited military pressure to change another state's behaviour without beginning a full-scale war.
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Imran Hosen

*Research Intern, Centre for Genocide Studies
Department of International Relations
University of Dhaka*