

The Impact of Regional Supply Chain Disruptions on Indian Ocean Stability

The Indian Ocean which is the world's third largest maritime route has long been a cornerstone of global connectivity linking Asia, Africa and Europe through trade and energy flows. But developments in 2025 show it is no longer just a corridor for exchange but it has become a testing ground for regional security frameworks and economic governance. Beyond rerouted shipping and short-term financial impacts, this moment signals a turning point demanding a deeper re-evaluation of regional resilience, cooperative strategies and the evolving meaning of maritime security today.

From Global Sea Lanes to Increasing Chokepoints

Heightened insecurity in the Red Sea, renewed piracy near Somalia and wider Middle East instability have forced nearly 80% of container vessels to bypass the Suez Canal diverting about 15% of global shipping through the longer Cape of Good Hope route. This has raised voyage costs by nearly \$1 million per trip straining global supply chains. For India and other Indian Ocean littoral states like Indonesia, Kenya and Bangladesh, the fallout includes rising freight costs, delayed imports and inflationary pressure on essentials. Island nations such as Seychelles and Mauritius face severe supply insecurities threatening economic and social stability.^{1 2} At the same time, the strategic role of GCC states particularly Saudi Arabia, the UAE and Qatar near chokepoints like the Strait of Hormuz highlights both their exposure to maritime risk and their potential to anchor stability in Indian Ocean trade routes.

Reassessing Fragility and Governance

While statistics shed light on the economic toll, they often obscure the deeper systemic vulnerabilities laid bare by recent disruptions. What is under strain is not just logistical efficiency but the very architecture of trust, coordination and early warning mechanisms that underpin Indian Ocean commerce. Decades of reliance on "just-in-time" operational models have left little margin for redundancy or shock absorption revealing a fragility that is as much institutional as it is operational. At its core, this is a governance shortfall. The traditionally fragmented approach to Indian Ocean maritime policy treating economic, security and environmental dimensions in silos has become increasingly inadequate. What's needed now is an integrated and anticipatory model of governance that privileges long-term resilience over short-term cost savings and brings greater coherence to the region's planning and coordination frameworks.

Strategy and its practical challenges

Some meaningful responses have begun to take shape. Indonesia has enhanced its maritime law enforcement capacities while Kenya has intensified surveillance efforts in collaboration with regional threat-monitoring centres. India, for its part, has assumed a leadership role through the Indian Ocean Naval Symposium (IONS), which has helped expand coordination frameworks across the region. Additionally, Maritime Domain Awareness (MDA) platforms such as the Information Fusion

¹ MacMillan Supply Chain Group. Supply Chain Disruption 2025 – Red Sea, Panama & Tariff Impacts (2025). Available at: <https://www.macmillanscg.com/blog/supply-chain-disruption-2025/>

² Indrastra, Quantifying the Threat to Indian Ocean Supply Chains in 2025 (2025), [https://www.ssoar.info/ssoar/bitstream/handle/document/101765/ssoar-indrastraglobal-2025-3-guhathakurta-Risk and Resilience Quantifying the.pdf?sequence=1&isAllowed=y](https://www.ssoar.info/ssoar/bitstream/handle/document/101765/ssoar-indrastraglobal-2025-3-guhathakurta-Risk%20and%20Resilience%20Quantifying%20the.pdf?sequence=1&isAllowed=y).

Centre-Indian Ocean Region (IFC-IOR) have facilitated broader intelligence sharing particularly benefiting smaller and more vulnerable littoral states.^{3 4}

While tactical readiness has improved, responses remain reactive. Naval deployments often substitute for long-term fixes like alternative corridors or coordinated crisis protocols. The current setup still overburdens major powers which leaves smaller states struggling with limited capacity.

Innovation, Insurance and the missing environmental links

India's regional maritime insurance policy backed by multilateral partners marks a shift toward burden sharing and risk mitigation. It lowers operational costs in high-risk zones and adds financial security to regional crisis responses particularly for vulnerable economies and humanitarian missions. Meanwhile, supply chain strategies are evolving from "just-in-time" to "just-in-case," emphasizing diversified routes, regional warehousing and backup ports to reduce dependence on chokepoints. However, environmental concerns remain overlooked. The Cape rerouting has increased emissions and stressed fragile East African ecosystems. UNCTAD's 2024 report warns that climate threats at chokepoints like Bab el-Mandeb and Hormuz could disrupt logistics and erode future supply chain resilience by endangering coastal livelihoods.⁵

Reimagining Resilience for a New Era

If there is a central lesson in all this, it is that crisis preparedness must move beyond military deterrence and reactive insurance schemes. The Indian Ocean needs a polycentric and inclusive model of resilience that involves port authorities, youth groups, environmental actors and local governments as equal partners in regional strategy. This is crucial, as geopolitical narratives often sideline developmental and environmental priorities. By advancing multi-stakeholder engagement and integrating environmental security with strategic preparedness, the region could become a testing ground for innovative governance models suited to 21st-century challenges.

Conclusion

The supply chain shocks of 2025 are more than commercial disruptions. They are a clarifying crisis that reveals the fragility of current systems and the need for integrated and anticipatory maritime governance. Two urgent steps stand out: establishing a permanent Regional Maritime Resilience Forum that unites security, commercial, environmental and civil society actors, and embedding climate and ecological data into real-time supply chain risk models. The future of the Indian Ocean whether one of cooperation or competition will hinge on how seriously stakeholders commit to building an ecologically grounded governance framework.

³ The Week, Indian Navy Affirms Commitment to Fostering Regional Maritime Cooperation, June 27, 2025, <https://www.theweek.in/news/defence/2025/06/27/indian-navy-commitment-maritime-cooperation.html>.

⁴ Indian Defense News, Indian Navy Hosts IONS Working Group Meeting On Maritime Security, June 27, 2025, <https://www.indiandefensenews.in/2025/06/indian-navy-hosts-ions-working-group.html>.

⁵ The New Indian Express, Indian Ocean Navies Push for Regional Response Mechanism, June 26, 2025, <https://www.newindianexpress.com/states/kerala/2025/jun/26/indian-ocean-navies-push-for-regional-response-mechanism-2594881.html>.