RISK INTELLIGENCE
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GEOPOLITICAL RISK MONITORING

# India/Pakistan

Rapid assessment of people, assets, priority risks, decision triggers, disruption exposure, and accountability.

| LOCATION / AREA OF CONCERN | WHY IT MATTERS | STATUS | LAST REVIEWED |
|---|---|---|---|
| Karachi and Lahore FIRs; Delhi and Mumbai FIRs; Kashmir Line of Control; Attari-Wagah crossing; Chenab and Jhelum basins | Reciprocal airspace and trade closure is a standing condition, not a pending event. It has run continuously since April 2025 and has been renewed sixteen times, so the reroute cost already sits inside carrier and shipper accounts. The live commercial question is whether to keep pricing that cost as a temporary surcharge or rebase it into network cost, and what the dates that could reverse it are worth. | Elevated | 06 September 2026 |

## PEOPLE AND ASSETS EXPOSED

| PERSONNEL | FACILITIES / EQUIPMENT | SUPPLY CHAIN / DATA | CUSTOMERS / COMMITMENTS |
|---|---|---|---|
| Long-haul crews on Delhi and Mumbai rotations to Europe and North America, now flying rerouted sectors against duty-time limits; station staff at Amritsar, Srinagar and Jammu; travellers transiting Gulf hubs used for technical stops. | Air India and IndiGo widebody fleets; technical-stop slots and ground handling at Vienna and Copenhagen; the 850 MW Ratle plant and Kishanganga works on the Chenab and Jhelum; the closed Attari-Wagah Road terminal. | Karachi and Lahore FIR overflight corridors; belly-cargo capacity on Europe and Central Asia lanes; call patterns at Mundra, Nhava Sheva, Karachi and Port Qasim; CERT-In advisories and defence-adjacent networks targeted by APT36. | Air-cargo shippers on Europe and North America lanes; forwarders routing through Gulf hubs; carriers holding codeshares on Indian long-haul; Indus basin irrigation and hydropower offtakers in Punjab and Sindh. |

## PRIORITY RISK AND BUSINESS EXPOSURE

| # | RISK EVENT | WHO ABSORBS IMPACT | LIKELIHOOD | IMPACT | DISRUPTION COST | OPERATIONAL EFFECT |
|---|---|---|---|---|---|---|
| 1 | Airspace closure hardens into permanent routing, and reroute cost is rebased rather than recovered | Indian carriers first, then long-haul cargo shippers and codeshare partners | H | M-H | Severe \| $1M+ | Not a forecast. Sixteen consecutive NOTAMs since 23 April 2025; the current Pakistani notice took effect 23 August 2026 and runs to 04:59 PKT on 24 September 2026, with India's reciprocal ban on Pakistan-registered aircraft continuous since 30 April 2025. Air India booked $433M of attributable loss in 2025 and forecast $591-600M over a full year (Reuters, 10 March 2026). Baseline: no incremental reroute cost before 23 April 2025. |
| 2 | Westbound reroute corridor narrows again, capping frequency rather than raising unit cost | Crews and dispatchers first, then carriers and time-sensitive cargo owners | M | H | Severe \| $1M+ | Mechanism: with the Karachi and Lahore FIRs closed, Delhi and Mumbai westbound traffic runs south of Pakistan and then over Iran or the Gulf. Reuters reported on 10 March 2026 that the 2026 Iran war removed that second corridor and forced technical stops at Vienna and Copenhagen. A further Gulf closure leaves no westbound routing inside crew duty limits without a second stop, which removes frequency rather than adding fuel burn. Baseline: nonstop Delhi-Europe before 23 April 2025. |
| 3 | Indus Waters dispute moves from tribunal to ground: restricted works resume, or India formally exits the treaty | Punjab and Sindh irrigation and hydropower users first, then Chenab project contractors, financiers and their insurers | M-H | H | High \| $250K-$1M+ | The Court of Arbitration award of 31 August 2026 held that the treaty remains fully in force and that India must observe it; the accompanying interim measures order bars specified concreting on the Ratle dam wall and power intake above set levels until 90 days after the Neutral Expert reports, expected around July 2027. India rejected the award as null and void the same week and maintains abeyance. Two incompatible legal positions now attach to one live 850 MW construction site. |
| 4 | Attributed mass-casualty attack triggers a second cross-border exchange on the 2025 pattern | Personnel and travellers in northern India and eastern Pakistan first, then insurers, carriers and every regional counterparty | M | H | Severe \| $1M+ | The May 2025 exchange ran four days, closed Pakistani airspace to all carriers for roughly 24 hours on 7-8 May 2025, cancelled more than 200 flights and shut 21 Indian airports. Evidence against a higher rating: the November 2025 Red Fort car bombing in Delhi drew no Indian attribution to Pakistan and no military response, retired officers and diplomats met for Track-2 talks in Colombo and Bangkok in June 2026, and the ceasefire agreed 10 May 2025 has held sixteen months. |

## DECISION TRIGGERS

| # | OBSERVABLE TRIGGER | THRESHOLD / SOURCE | REQUIRED ACTION |
|---|---|---|---|
| 1 | BREACHED 23 April 2025. Reciprocal airspace closure is in force and renewed monthly; the current term ends 24 September 2026. | Pakistan Airports Authority NOTAM; Indian AAI and DGCA NOTAM; Flightradar24 route data. | Live now. Stop carrying reroute cost as a temporary surcharge. Rebase Europe and North America lane rates on current routing, price contract renewals on a twelve-month closure assumption, and confirm in writing which party carries delay cost under existing carriage terms. |
| 2 | A monthly NOTAM cycle lapses without renewal, or is renewed for a term other than thirty days, by either authority. | Pakistan Airports Authority and Indian AAI NOTAM issuance around 24 September and 24 October 2026. | Read both directions. On a lapse, recalculate lane rates on direct routing within one cycle and release Vienna and Copenhagen technical-stop bookings. On a longer term, move the closure out of contingency into base cost and reprice multi-year contracts. |
| 3 | Concreting resumes at Ratle above the levels the interim order specifies, or either party files for enforcement or announces treaty withdrawal. | PCA case 2023-01 filings and press releases; Ministry of Jal Shakti and NHPC statements; Pakistan Ministry of Water Resources; Neutral Expert proceedings, decision expected around July 2027. | Confirm whether any equipment, EPC or financing position touches the Chenab projects, and retest the assumption that the water dispute stays in tribunals rather than moving to the Line of Control. |

### ANALYST ASSESSMENT / COST BASIS / KEY GAP

**Assessment: Verified facts:** Pakistan closed its airspace to Indian operators on 23 April 2025, and India reciprocated on 30 April 2025. The restriction has been renewed sixteen consecutive times and currently runs to 24 September 2026. Air India recorded $433M of attributable loss in 2025 and forecast $591-600M over a full year (Reuters, 10 March 2026). The Court of Arbitration held on 31 August 2026 that the Indus Waters Treaty remains in force and restricted concreting at Ratle; India rejected the award within the week. The ceasefire agreed 10 May 2025 has held.

**Judgment:** First-order, the closure is a standing operating condition rather than a risk event, so sixteen months of incurred cost is the baseline and not the downside. Second-order, the loss of the Iran corridor in March 2026 turned a fuel-burn problem into a capacity problem, because a second technical stop consumes frequency and crew hours that cannot be bought back at any price. Third-order, water is now the escalation path with the shortest fuse, because the arbitration has produced a ruling neither side can act on without cost and it attaches to physical works rather than to a diplomatic position. Cyberattack was removed from the risk table: CloudSEK's May 2025 review of the hacktivist surge found the outage and defacement claims largely overstated, with disruptions under five minutes and sites restored, while the substantive activity was APT36 espionage against defence networks rather than commercial disruption.

**Cost basis:** Severe, $1M+ a year for an affected long-haul operator, scaling down to High, $250K-$1M+, for a single shipper with material Europe or North America air-freight volume.

**Included:** Incremental block hours and fuel, technical-stop handling and landing fees, crew duty-time and positioning cost, lost frequency, war-risk premium on Pakistan-adjacent routings, inventory carrying cost on extended lead times, and contractual delay penalties.

**Assumption:** The ceasefire holds and Gulf routing stays available. The tier rises if the Gulf corridor closes or an attributed attack reopens the 2025 exchange, because the loss then becomes cancelled capacity rather than dearer capacity. It falls only on non-renewal of the NOTAM, which would return direct routing inside a single thirty-day cycle.

**So what:** The cost is already booked, so the decision is not whether to absorb it but where to carry it. Priced as a temporary surcharge it distorts lane margins and invites underbidding by operators who have already rebased. Carried as base cost it lowers headline competitiveness but prices renewals honestly and frees working capital held against a reversal that sixteen renewals argue against. Advantage on Europe and North America lanes now sits with carriers routing outside Indian and Pakistani airspace altogether.

**Key gap: Unresolved:** The client's own share of Europe and North America air freight moving on Indian carrier metal, the war-risk premium currently quoted on those routings, contractual allocation of delay cost, technical-stop capacity actually held at Vienna and Copenhagen, any equipment or financing exposure to the Chenab projects, and the exact expiry of India's current reciprocal NOTAM, which was not confirmed from a primary Indian source at review.

**Sources:** Pakistan Airports Authority NOTAM extending closure to 24 September 2026, reported 18-19 August 2026 and effective 23 August 2026, taken from regional trade press, not from the primary NOTAM text. Reuters, "Iran war deals double blow to Indian airlines already hit by Pakistan airspace ban", 10 March 2026, for the $433M 2025 loss and the $591-600M annual forecast. Permanent Court of Arbitration press release, Indus Waters Western Rivers Arbitration, case 2023-01, 31 August 2026, for the award and the Ratle interim measures; primary. CloudSEK, "Brief Disruptions, Bold Claims", May 2025, for the hacktivist impact finding; vendor research and an interested party. Michael Kugelman, TIME, 26 June 2026, for the Red Fort non-response and the June 2026 Track-2 meetings; signed opinion. The UN Security Council closed consultations of 5 May 2025 are sixteen months stale and address the military crisis rather than routing economics, and the ICAO Asia/Pacific ATM contingency plan citation was truncated and could not be dated.