

US Blockade on Iran: US Blockade Impact on Trade, Oil Prices, and Global Stability

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US Blockade



US Blockade Latest News

- The United States has initiated a **blockade** on all maritime traffic **to and from Iranian ports** following the failure of recent Iran-US negotiations in Islamabad. The move aims to restrict Iran's trade, escalating tensions in the region.
- In response, Iran has warned that no ports in the Persian Gulf and Gulf of Oman would remain safe if the blockade proceeds.
- While the exact enforcement mechanism remains unclear, US Central Command stated that it will apply the blockade to vessels of all nations accessing Iranian ports, while allowing uninterrupted navigation through the Strait of Hormuz for non-Iranian destinations.

What a Blockade Means in International Conflict

- A blockade is considered an **act of war (International Armed Conflict)**, where a state prevents all vessels or aircraft—enemy and neutral—from accessing specified ports or coastal areas.
- Typically, a blockade involves naval deployment of surface combat vessels. Ships are tasked to stop, inspect, and possibly seize vessels attempting to breach the blockade.

Types of Blockade

- **Close Blockade** – Forces are positioned near enemy ports or coastlines. More effective but exposes blockading ships to enemy attacks.
- **Distant Blockade** – Forces are deployed farther from the coast to reduce vulnerability. However, this increases the chances of ships evading the blockade.
- For a blockade to be valid and successful, it must be “effective”, meaning it should genuinely restrict access to the enemy’s coastline.
- This requires adequate naval strength and strategic deployment.

Legal Framework and Implications of a Naval Blockade

- For a blockade to be lawful under international norms, it must meet specific criteria:
- **Formal Declaration**
 - Must be officially declared by the belligerent state.
 - Notification must be given to both enemy and neutral states, including commencement and termination details.
- **Continuous and Impartial Enforcement**
 - The blockade must be consistently maintained.
 - It should be applied equally to all vessels, without discrimination.
- **Lawful Military Objective**
 - The blockade must serve a legitimate military purpose.
 - It cannot aim to starve civilians or deny essential supplies.
- **Effectiveness Requirement**
 - It must be operationally effective, with sufficient force to restrict access.
 - “Paper blockades” without real enforcement are considered illegal.

US Blockade Strategy: Recalibration After Failed Talks

- The U.S. move towards a blockade appears to be a **response to failed Iran-US talks** and earlier decisions that allowed Iranian oil shipments, which inadvertently supported Tehran’s war financing.
- Earlier easing of sanctions enabled Iran to export oil and generate revenue, including through tolls.
- The blockade now reflects a policy recalibration aimed at cutting off Iran’s financial resources.
- Basically, the U.S. blockade approach reflects a shift from economic pressure to strategic containment, but it carries high risks of escalation, given Iran’s strong leverage over critical maritime routes.

Impact of Blockade on India’s Trade

- **Export Concerns** – India’s exports to Iran—worth about \$1.1–1.2 billion (2025–26)—include foodgrains, pharmaceuticals, machinery, and chemicals. These sectors could face disruptions due to restricted maritime access.
- **Import Dependence** – Imports from Iran include petroleum bitumen, methanol, and construction materials like gypsum. Disruptions may affect energy-linked and infrastructure sectors.

Impact on Global Oil Markets

- The blockade has already pushed oil prices upward.
- If both Iranian and broader Gulf oil supplies are disrupted, global supply could tighten further.
- Conversely, if non-Iranian oil flows resume, prices may stabilise.

US Blockade: Uncertainty in Enforcement and Impact

- There is no clear mechanism on how the US will enforce the blockade.
- Challenges include identifying vessels linked to Iran amid GPS spoofing and false port records.
- Questions remain on whether the US will board ships or use force against merchant vessels. Enforcing a selective blockade while allowing other traffic is complex and difficult.

Risk of Regional Escalation

- Iran may retaliate by targeting foreign vessels in the region.
- The threat of Houthi attacks in the Red Sea adds another layer of instability.
- Countries like China, which import Iranian oil, may respond strongly.
- Shipowners and insurers may hesitate to operate amid conflicting US and Iranian directives.

Source: IE | IE | BBC

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