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26 March 2026

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator •

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

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▼ On this Page

- **Trump's 15-Point Peace Plan**
- Iran's Five Counter-Conditions
- Impact on Global Oil Markets
- India's Response Strategy
- Cascading Global Effects
- Historical Context: Strait of Hormuz

WHY IN NEWS

Iran rejected a 15-point peace plan sent by the United States through Pakistan as the US-Iran conflict entered Day 26, while India faced an estimated \$1 billion in extra crude oil import costs in March alone due to war-driven supply disruptions.

Trump's 15-Point Peace Plan

The US transmitted the plan to Tehran via Pakistan, which has been acting as a diplomatic intermediary given its shared border and ties with Iran.

Key Proposals

#	US PROPOSAL
1	Immediate one-month ceasefire
2	Iran to hand over all enriched uranium stockpiles
3	Permanent ban on further uranium enrichment
4	Guarantee safe passage through Strait of Hormuz for all vessels
5	In return: US lifts all sanctions on Iran

The plan essentially demands Iran abandon its nuclear programme as a precondition for sanctions relief — a harder line than the 2015 JCPOA, which allowed limited enrichment up to 3.67% purity.

Iran's Five Counter-Conditions

- ❶ **War reparations** from the US and Israel for physical and economic damage
- ❷ **Sovereignty over the Strait of Hormuz** to be recognised internationally
- ❸ **Immediate halt** to attacks on Hezbollah (Lebanon) and pro-Iran militias (Syria, Iraq)
- ❹ **Sanctions lifting** as a precondition — not an outcome of negotiations
- ❺ **International guarantee** of Iran's territorial integrity

The gap between the two positions remains vast — the US demands denuclearisation first, while Iran demands reparations and sovereignty recognition first.

Impact on Global Oil Markets

The Iran war has fundamentally disrupted global energy supply chains:

METRIC	VALUE
Oil shipments from West Asia	Down 43% to ~11 million barrels/day
India's extra import cost (March)	~\$1 billion
India's crude imported (first 3 weeks of March)	~21 million barrels
Brent crude range	\$96–\$110/barrel
Saudi share of India's March crude	~70% (via Yanbu, bypassing Hormuz)

India's Response Strategy

Short-term Measures

- **Saudi Aramco pivot:** Indian refiners approaching Saudi Arabia to shift pricing peg from West Asian to European crude benchmark to reduce volatility
- **Yanbu route:** Saudi crude routed through the Yanbu terminal on the Red Sea, bypassing the Hormuz chokepoint entirely
- **Strategic Petroleum Reserve (SPR):** India's 5.33 million metric tonnes (~9.5 days of consumption) at Visakhapatnam, Mangaluru, and Padur provides a buffer

Long-term Implications

- Accelerates India's push toward renewable energy and nuclear power
- Strengthens the case for Phase II SPR expansion (additional 6.5 million tonnes proposed)

- May revive the India-Russia “Northern Sea Route” crude supply corridor

Cascading Global Effects

Philippines declared a national energy emergency on March 24 (EO No. 110) as it imports 90–98% of oil from the Gulf. Diesel and petrol crossed 120 pesos/litre (~\$2).

France convened an emergency G7 foreign ministers meeting on March 26 to discuss Iran, Hormuz reopening, and oil price stabilisation. India, Saudi Arabia, Brazil, and South Korea were invited alongside G7 members.

Historical Context: Strait of Hormuz

The Strait of Hormuz is the world’s most critical oil chokepoint:

FEATURE	DETAIL
Width	~33 km (navigable lane: ~3 km each direction)
Daily oil transit	~20 million barrels (~20% of globally traded oil)
Bordered by	Iran (north) and Oman (south, Musandam Peninsula)
Connects	Persian Gulf to Gulf of Oman → Arabian Sea → Indian Ocean
Previous threats	Iran threatened closure in 2012, 2018–2019 tanker incidents

UPSC RELEVANCE

Strait of Hormuz geography, JCPOA, India’s oil import dependence (85–88%), SPR locations, G7 members

India’s foreign policy response to West Asia conflict, role of multilateral forums (G7), Pakistan as intermediary

Energy security — India’s vulnerability, diversification strategies, impact of oil prices on inflation and CAD

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US-IRAN CONFLICT 2026:

Started: ~March 1, 2026

Peace plan: 15-point US proposal sent via Pakistan — rejected by Iran

Iran's counter: 5 conditions including reparations and Hormuz sovereignty

JCPOA (Iran Nuclear Deal): Signed 2015 by P5+1; US withdrew May 2018

Iran's enrichment: Up to 60% purity (weapons-grade: 90%)

INDIA'S OIL SECURITY:

Crude import dependence: 85–88%

Top suppliers: Iraq, Saudi Arabia, Russia, UAE, Kuwait

SPR capacity: 5.33 million metric tonnes (9.5 days)

SPR locations: Visakhapatnam (1.33 MMT), Mangaluru (1.5 MMT), Padur (2.5 MMT)

Phase II SPR: Proposed 6.5 MMT additional capacity at Chandikhol (Odisha) and Padur

STRAIT OF HORMUZ:

Width: ~33 km; navigable lanes: ~3 km each way

Daily transit: ~20 million barrels crude oil

20% of globally traded oil passes through Hormuz

Countries on strait: Iran, Oman, UAE

OTHER RELEVANT FACTS:

G7 members: US, UK, France, Germany, Italy, Canada, Japan (+ EU)

G7 2026 Presidency: France; Summit: Evian, June 15–17

Philippines energy emergency: EO No. 110, March 24, 2026 (1-year duration)

Operation Rahat (2015): India evacuated 4,640 Indians from Yemen during civil war

Indians in Gulf: ~9 million; annual remittances: ~\$40 billion

Sources: [Time](#), [Business Standard](#), [Al Jazeera](#), [The Hindu](#)

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