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EDITORIAL ANALYSIS

India Must Draw a Red Line on U.S. Unilateral Sanctions

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 The Hindu

22 April 2026

GS2

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INTERVIEW ANGLE

"Should India formally declare non-compliance with U.S. unilateral sanctions on third countries? What are the diplomatic costs and strategic benefits — and what does strategic autonomy require in practice?"

THE CORE ARGUMENT

India's compliance with U.S. unilateral sanctions on Iran, Russia, Venezuela, and other countries has imposed escalating economic costs — disrupting energy imports, constraining trade relationships, and narrowing India's diplomatic options — while delivering minimal compensating diplomatic gains. The West Asia crisis of 2025-26 has sharpened this dilemma: India's refusal to import Iranian oil under U.S. pressure has left it exposed to higher-cost Gulf supplies vulnerable to Hormuz disruptions. The editorial argues India must formally declare that it will not comply with unilateral sanctions by any country — including the United States — that are imposed outside the UN Security Council framework.

BACKGROUND — WHAT ARE U.S. UNILATERAL SANCTIONS?

Defining the Issue

Unilateral sanctions are punitive economic measures imposed by one country (or bloc) against another without UN Security Council authorisation. They differ from **multilateral/UN sanctions** which carry legally binding international obligations.

TYPE	LEGAL BASIS	EXAMPLES
UN Sanctions	UNSC Chapter VII	North Korea arms embargo
U.S. Unilateral	U.S. domestic law (OFAC, CAATSA)	Iran (JCPOA-related), Russia (CAATSA), Venezuela
EU Unilateral	EU Council decisions	Russia (post-Ukraine), Belarus

CAATSA (Countering America’s Adversaries Through Sanctions Act, 2017): Sanctions on Russia, Iran, North Korea — India’s S-400 purchase from Russia put it under CAATSA threat. India received a waiver.

OFAC (Office of Foreign Assets Control): U.S. Treasury body that administers and enforces sanctions — including secondary sanctions that penalise non-U.S. entities for doing business with sanctioned countries.

Secondary Sanctions — The Real Threat to India

The U.S. uses **secondary sanctions** to coerce third countries — including India — by threatening to cut off their access to the U.S. financial system if they transact with sanctioned entities. This is extra-territorial application of U.S. domestic law with no basis in international law.

INDIA’S COMPLIANCE TRACK RECORD — AND THE COSTS

Energy: The Most Visible Cost

India reduced Iranian oil imports to near-zero after 2018-19 sanctions:

YEAR	INDIA’S IRANIAN OIL IMPORT
2017-18	~20 million tonnes/year (2nd largest buyer)
2019-20	Near zero (following Trump reimposition of sanctions)
2025-26	Near zero (despite Iran-US ceasefire ambiguity)

This shifted India to more expensive Saudi, UAE, and Iraqi crude — and increased Hormuz dependency while eliminating the Chabahar route’s economic incentive.

Chabahar Port (Iran): India invested ~\$80 million in developing Chabahar as a gateway to Afghanistan and Central Asia — bypassing Pakistan. But U.S. sanctions on Iran have constrained full utilisation. Chabahar received a partial U.S. waiver for India’s Afghanistan connectivity needs, but commerce beyond that is restricted.

Trade: Russia Discount Lost

Post-Ukraine (2022), India benefited from discounted Russian oil — but with U.S. secondary sanctions pressure:

- Indian oil companies and refiners face banking access risks
- Indian banks reluctant to process Russia trade (USD system)
- **Rupee-rouble mechanism** was attempted but remained limited

Strategic Autonomy Gap

India's compliance with U.S. sanctions without formal legal obligation signals that **economic coercion works** — creating precedent for more pressure. The editorial argues this undermines India's negotiating position in every bilateral context.

WHAT INDIA SHOULD DO — THE EDITORIAL'S ARGUMENT

1. Formal Declaration of Non-Compliance

India should formally declare that it will not honour secondary sanctions imposed outside the UN Security Council framework. This is legally sound — secondary sanctions have no standing in international law. Several countries (EU, China, Russia) have enacted **blocking statutes** that prohibit their entities from complying with U.S. sanctions.

EU Blocking Statute (1996, updated 2018): Prohibits EU entities from complying with certain U.S. extraterritorial sanctions. EU companies caught between U.S. and EU law must prioritise EU law.

2. Alternative Payment Infrastructure

India should accelerate:

- **Rupee Trade Settlement** — already piloted with 18+ countries
- **SWIFT alternatives** — Russia's SPFS, China's CIPS
- **Gold and barter mechanisms** for strategic trade

3. Strategic Imports — Diversification

- Resume Iranian oil imports at scale (India was entitled under international law)
- Operationalise Chabahar fully
- Develop Strategic Petroleum Reserve (SPR) from diversified sources

INDIA'S STRATEGIC AUTONOMY — DOCTRINE AND PRACTICE

Non-Alignment 2.0 — India's foreign policy traditionally avoids entanglement in great power blocs. But economic dependency on the U.S. financial system (SWIFT, dollar) has created effective compliance without treaty obligation.

SCENARIO	INDIA'S RESPONSE	OUTCOME
S-400 from Russia	Asserted right; sought CAATSA waiver	Waiver granted; precedent set
Iran oil (2018-19)	Reduced imports to near-zero	Energy costs rose; no diplomatic gain
Russia oil (2022-26)	Continued at discount; faced banking friction	Saved \$10-15B; U.S. displeasure managed
Venezuela (Maduro)	Minimal trade	Little impact

The Russia oil case shows India can manage U.S. displeasure when the economic stakes are high enough. The editorial argues Iran should be treated similarly.

UPSC ANGLE

PAPER	ANGLE
GS2 — IR	Strategic autonomy, India-US relations, CAATSA, UN vs unilateral sanctions
GS2 — IR	Chabahar Port, Iran-India relations, India-Russia energy trade
GS3 — Economy	Energy security, oil import dependence, Hormuz vulnerability, rupee settlement
GS4 — Ethics	Sovereignty vs. economic coercion — when is compliance ethically defensible?

Mains Keywords: Strategic autonomy, CAATSA, OFAC, secondary sanctions, Chabahar, rupee settlement, non-alignment, Hormuz, UN Security Council, blocking statute

Probable Question: "India's compliance with U.S. unilateral sanctions reflects economic vulnerability rather than strategic choice. Critically examine." (GS2 Mains)

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