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UPSC 360°

The Hindu Unwrapped - Daily Current Affairs Mastery for UPSC CSE (Clear that it's based on The Hindu editorials / news analyses - very aspirant-friendly)

Significance

The ongoing conflict in West Asia highlights how oil remains central to global geopolitics, where disruptions in supply chains and chokepoints like the Strait of Hormuz can trigger economic instability. It underscores energy security concerns, strategic rivalries, and the urgent need for diversification and transition to resilient energy systems globally.

Oil, Power, and Politics of Disruption: The Impact of the West Asia War

Introduction

Oil has historically shaped global geopolitics, acting as both an economic lifeline and a strategic weapon. In the context of the ongoing conflicts in West Asia, the nexus between oil, power, and politics has intensified, triggering disruptions that affect not just the region but the entire global economy.

Oil as an Instrument of Power

- Oil-rich nations like Saudi Arabia, Iran, and Iraq wield significant geopolitical influence.
- Control over production and exports allows these states to shape global energy markets.
- Energy dependency creates asymmetrical power relations between producers and consumers.

West Asia War and Energy Disruptions

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1. Threat to Critical Oil Routes

- The Strait of Hormuz handles nearly one-fifth of global oil trade.
- Any conflict or blockade in this region can severely disrupt global supply chains.

2. Attacks on Energy Infrastructure

- Wars increase risks to oil fields, pipelines, and refineries.
- Even perceived threats lead to market panic and price spikes.

3. Shipping and Insurance Costs

- Increased insecurity raises shipping costs and insurance premiums.
- This directly impacts global oil prices and trade flows.

Politics of Disruption

1. Weaponisation of Oil

- Oil is used as a **strategic tool** through supply manipulation or sanctions.
- Organizations like OPEC influence production decisions, affecting global markets.

2. Sanctions and Strategic Rivalries

- Sanctions on countries like Iran disrupt global supply.
- Great power competition intensifies around energy security and influence.

3. Market Volatility

- Even limited escalation in West Asia leads to **sharp price fluctuations**.
- Speculation amplifies the economic impact of geopolitical tensions.

Global Economic Implications

- Rising oil prices fuel **inflation and economic instability**.
- Developing nations face increased import burdens and fiscal stress.

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- Energy shocks can slow global growth and disrupt supply chains.

India's Perspective

For India:

- Imports over **85% of its crude oil**, with a significant share from West Asia.
- Vulnerable to disruptions in the region.

Strategic Responses

- Diversification of oil imports
- Development of **Strategic Petroleum Reserves (SPR)**
- Promotion of renewable energy and green transition

Energy Transition: A Partial Solution

- The shift to renewables aims to reduce dependence on oil.
- However, in the short term, oil remains central to global energy systems.
- New geopolitical challenges may emerge around **critical minerals**.

Challenges Ahead

- Ensuring **energy security amid geopolitical instability**
- Balancing fossil fuel dependence with climate commitments
- Managing supply chain vulnerabilities
- Preventing escalation in key oil-producing regions

Conclusion

The ongoing conflict in West Asia reinforces how deeply oil is intertwined with global power politics. Disruptions in this region have far-reaching consequences, affecting economies, security,

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and international relations. As the world transitions to cleaner energy, managing the geopolitics of oil remains crucial for ensuring global stability and sustainable development.

UPSC CSE State PCS Relevance

Prelims

- Key terms: Strait of Hormuz, Kharg Island, OPEC+, Dark Fleet, Strategic Petroleum Reserves
- Data: Hormuz oil transit (~20%), India Gulf oil dependence (~85%), Brent price spike (2026)
- Related: Energy Security, Energy Transition, Multi-alignment

GS-2 (IR)

- India's West Asia policy amid US-Iran escalation
- Energy as geopolitical instrument

GS-3 (Economy)

- Oil shocks & CAD/inflation impact
- Energy security & diversification

GS-3 (Environment)

- Fossil fuel dependence vs. green transition

Essay / Interview

- "Oil as the Ultimate Geopolitical Weapon: Lessons from the 2026 West Asia War"
- "India's Energy Security in a Volatile Persian Gulf: Challenges & Strategic Choices"

MCQs

1. With reference to the 2026 West Asia war's impact on global energy markets, consider the following statements:

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2. The Strait of Hormuz handles approximately 20% of global seaborne oil trade.
3. Kharg Island accounts for ~90% of Iran's crude oil exports.
4. India imports over 85% of its crude oil via Gulf routes.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Answer: (d)

2. Which of the following is NOT a direct consequence of the March 2026 US strikes on Kharg Island?

- (a) Temporary disruption of Iran's oil exports
- (b) Surge in global war-risk insurance premiums
- (c) Immediate closure of the Strait of Hormuz
- (d) Brent crude price spike

Answer: (c)

3. India's Strategic Petroleum Reserves (SPR) currently cover approximately how many days of consumption?

- (a) 5 days
- (b) 9-10 days
- (c) 20 days
- (d) 30 days

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Answer: (b)

4. The 1973 Oil Embargo was imposed by OPEC against:

- (a) India & Soviet Union
- (b) US & its allies
- (c) China & Japan
- (d) European Union

Answer: (b)

Mains Questions

1. "The 2026 West Asia war has once again demonstrated how oil remains the ultimate geopolitical weapon." Discuss the mechanisms of energy disruption and their implications for global economic stability. (15 marks / 250 words)
2. Analyse the impact of the current Persian Gulf crisis on India's energy security, inflation, and foreign policy choices. Suggest strategic responses. (10 marks / 150 words)
3. "Accelerating the energy transition is the only long-term answer to oil geopolitics." Critically examine this statement in the context of India's current vulnerabilities and green energy ambitions. (15 marks / 250 words)
4. **Essay (250 marks)** "Oil, Power, and Disruption: How the West Asia Conflict Exposes the Fragility of Global Energy Security."

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