

Iran-US negotiations, Strait of Hormuz blockade and UAE's attempts at reducing dependence upon US Dollar

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There has been immense confusion regarding the status of Iran-US talks in the previous week with both US and Iran giving mixed signals and the US continuously shifting positions. US President Donald Trump made repeated claims that the US and Iran had almost reached a deal and that Iran had agreed to give up on uranium enrichment. Trump also said that there was no discussion of release of Iran's frozen funds in lieu of Iran opening the Strait of Hormuz. Iran's foreign ministry rejected Trump's claims saying that Iran had not given any commitment regarding putting an end to uranium enrichment or transferring it abroad. Iran has also said that significant differences persist between both sides. While the US has been pushing for a 20-year suspension of uranium enrichment, Iran according to some sources had agreed to a 3-to-5-year period – though Tehran denied this later.

Iranian Foreign Minister Abbas Araghchi announced, in a post on X on April 17, that the Strait of Hormuz was open for the remaining period of the ceasefire. Trump hailed this decision, but stated that the US blockade of Iranian ports would remain intact until any peace deal is reached. The announcement regarding the opening of Hormuz, followed by a blockade by IRGC has led to confusion.

Two Indian vessels, Jag Arnav and Sanmar Herald were fired at -- on April 18 -- while trying to pass the Strait of Hormuz. While Foreign Minister Abbas Araghchi had announced that the Strait was open for commercial ships, the IRGC announced a blockade soon after.

Foreign Secretary, Vikram Misri called in Iran's Ambassador to India, Mohammad Fathali and expressed India's deep concern over this attack and urged the Ambassador to convey India's views to the Iranian government that India bound ships be allowed to pass across the Strait.

On April 19, Iran's state-sponsored broadcaster, Islamic Republic News Agency (IRNA) stated that reports pertaining to a second round of talks in Islamabad were 'false'. According to IRNA 'excessive demands', excessive 'shifts' and the 'naval blockade' have proven to be a major stumbling block in talks. Iran said that talks could not be successful in such a situation and accused the US of attempting to pressurise Iran.

[US extends sanctions waiver for purchase of Russian oil](#)

US Secretary of Treasury, Scott Bessent -- on April 15 -- announced that US will be ending sanction waivers pertaining to purchase of Iranian and Russian oil. Said Bessent:

'We will not be renewing the general license on Russian oil, and we will not be renewing the general license on Iranian oil. That was oil that was on the water prior to March 11. So all that has been used'.

On April 18, the US announced that the waiver would be extended till May 16.

India has been purchasing oil from both countries. India's imports from Russia went up significantly in March 2026 and were estimated at well over EUR 5 billion. India's purchase of Russian oil in March was at its highest since June 2023.

This extension comes at an important time and provides India some elbow room to deal with the current challenges posed by the West Asia crisis.

[UAE could move towards using Yuan for oil trade](#)

Senior UAE officials held discussions, last week, with US Secretary of Treasury, Scott Bessent regarding the possibility of establishing a currency swap line . Such an arrangement would allow UAE's central bank access to US dollars during economic crises and ensure stability of the financial system and currency in case of capital outflows increasing. Prolonged disruptions of oil flows via the Strait of Hormuz will have a significant impact on foreign exchange reserves and dent investor confidence in the Gulf nations. UAE has hinted, that if

access to US dollars is restricted then the Gulf nation may explore oil trade in Yuan. This would be an important boost for China's efforts towards internationalisation of the Yuan and bolstering the role of the Yuan in energy trade in West Asia.

Conclusion

While some progress has been made in the Iran-US negotiations, there are still several important areas of contention. A lot depends upon the elbow room which both US and Iran have for making concessions and whether the IRGC is on the same page as the Iranian political leadership.

There has been a visible shift in the UAE's position vis-à-vis the US in the aftermath of the West Asia conflict. The Gulf nation's suggestion that it could move towards oil trade in Yuan has important ramifications for UAE-US ties as well as the international status of the Yuan. The West Asia conflict has left a significant imprint on the world order and the geopolitical and geo-economic landscape of the region itself.

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