

US-Iran hostilities escalate, Iran suspends commitments made in MoU

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Tridivesh Singh Maini

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US forces launched a ninth consecutive night of strikes against Iran on July 20. Three US soldiers have been killed in recent days – two in Jordan and one in Iraq. While commenting on the strikes, US President Donald Trump said, “We hit them [Iran] very hard again tonight, and we did that in honour of the probably three, it’s probably three great patriots,”

Several cities including -- Tabriz, Chabahar, Konarak, Bandar Mahshahr and Bandar Imam Khomeini – have been hit during the recent strikes.

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Amidst the escalation of tensions between the US and Iran, the US Secretary of State, Marco Rubio said that while the US remained open to a “diplomatic solution”, it would not allow Iran to use the Strait of Hormuz as a leverage. Said Rubio:

“the world has to decide whether or not it's going to allow an international waterway to be

On July 18, Iran's Deputy Foreign Minister Kazem Gharibabadi said that Tehran had suspended its commitments made in an memorandum of understanding (MoU) signed in June 2026, after “the US violated its commitments.”

Brent prices surpassed \$90 a barrel on July 20 -- in the aftermath of the recent escalation of US-Iran conflict.

DGMA's advisory to shipping companies

The Directorate General of Maritime Administration (DGMA), Government of India, under Circular No. 36 of 2026 has directed shipping companies to not deploy Indian seafarers on vessels passing through the Strait of Hormuz until further notice, due to the tensions in the Gulf. While India supplies 12% of the global sea force, of the total sea farers killed in the West Asia crisis – which began in March 2026 – 10 are Indian.

On July 14th, the Ministry of Shipping announced measures to track Indians on commercial vessels – irrespective of the country they belong to. Apart from an operational dashboard, a dedicated “liaison officer” for the families of those killed or injured was also announced. The measures were announced in an inter-ministerial meeting chaired by Sarbananda Sonowal, Union Minister of Ports, Shipping and Waterways

It would be pertinent to point out that in a press conference on July 17th, the MEA also clarified that the Chabahar Port terminal had not been damaged during US strikes.

US Senators unveil bill on five countries including India for purchase of Russian oil

On July 14th, US Senators unveiled a Russia sanctions bill which seeks to put pressure Moscow and some of its major energy buyers -- including India and China. The new bill is a watered-down version of the original bill. It proposes tariffs of up to 100% on the top five buyers of Russian oil and natural gas. The original bill proposed a blanket 500% tariff on buyers of Russian energy. The bill is titled “Senator Lindsey O. Graham Sanctioning Russia Act of 2026,”.

It remains to be seen whether the bill turns into a law. Importantly, the bill gives powers to the president to waive the application of its provisions. Given the current situation in West Asia, there is uncertainty regarding the timeline.

For India, reducing Russian oil imports in the current situation is almost impossible. In the aftermath of the West Asia crisis, US had provided a waiver for purchase of Russian oil. Indian purchase of Russian oil has risen significantly. In June 2026, India purchased over \$ 5 billion (5.14) worth of Russian oil. India has reacted cautiously to the bill.

India-UK FTA operationalised

The India-UK FTA or Comprehensive Economic and Trade Agreement was operationalised on July 15. While commenting on the same, PM Modi stated:

“This is a significant moment in the India-United Kingdom partnership! With the coming into force of the Comprehensive Economic and Trade Agreement and the Agreement on Social Security, our economic linkages are going to get even deeper. Together, these agreements translate our shared ambition into tangible opportunities for our people”.

The PM said the FTA will generate new opportunities for farmers, small entrepreneurs and MSMEs and give a further impetus to cooperation in technology, while also “supporting greater mobility for skilled Indian talent.”

Commerce Minister, Piyush Goyal dubbed the operationalisation of the CETA as a “defining moment”.

Some of the sectors which could specifically benefit from the FTA are; textiles, leather, gems and jewellery, engineering goods, pharmaceuticals, processed foods, MSMEs, farmers and manufacturers.

Conclusion

The renewal of hostilities between US and Iran and closure of the Strait of Hormuz have once again created global uncertainty and could impact global energy markets. Brent prices have already risen as mentioned earlier. Steps taken by the Ministry of Shipping and Ports and the notification issued by the Directorate General of Maritime Administration (DGMA) are important. The India-UK FTA is likely to give a push to trade relations and certain sectors are likely to benefit. Given the geopolitical turbulence and arising uncertainty, India’s policy makers clearly have their task cut out. Apart from the hostilities in West Asia, the sanctions bill unveiled by US Senators is something New Delhi would be closely observing.

(Disclaimer: The views expressed above are the author's own and do not reflect those of DNA)

(The author is a policy analyst and faculty member at the Jindal School of International Affairs, OP Jindal Global University, Sonapat)