

THE IRAN CRISIS AND RUSSIA'S REAL GAINS — OIL, SHIPPING, SANCTIONS AND INDIA'S STAKES

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As the Iran crisis continues to unfold, a range of disruptions—from energy-supply concerns to rising shipping risks—are shaping global narratives about its wider consequences. Among these, one claim has gained particular traction: that **Russia is quietly** “*winning the war*.”¹ The logic appears straightforward. As instability grips the Gulf and raises concerns over critical supply routes, oil markets tighten, prices harden, and buyers begin looking for alternatives. In this setting, Russia—already a major energy exporter operating outside the immediate conflict zone—appears well positioned to benefit.

Yet this assumption is rarely unpacked. What does it actually mean for Russia to be “*winning the war*”? Is it simply a question of higher oil prices and increased revenues, or a larger share of Asian markets as buyers diversify away from a volatile Gulf? Does it imply greater strategic leverage despite sanctions? Or does the answer lie in something more concrete, but less discussed—the ability to keep oil moving when others face disruption?

In practice, Russia's gains, if any, are likely to emerge from the mechanics of trade rather than broad geopolitical shifts. These include the capacity to reroute crude through complex shipping networks, rely on alternative tanker arrangements, manage rising freight and insurance costs, and continue transactions under sanctions when conventional supply chains are under stress. In other words, the question is not just whether Russia sells more oil, but whether it can sell, ship, insure, and get paid for that oil more effectively than others in a disrupted market.

For countries such as India, the crisis presents a more immediate concern. A significant share of India's crude oil imports—roughly 55–60%—comes from the Gulf region, much of it transiting through the strategically sensitive Strait of Hormuz.² Any disruption here has direct implications for energy security, freight costs, and economic stability. At the same time, India has emerged as a major importer of Russian crude in recent years, raising an important question: **if Russia is indeed “winning,” does that automatically translate into gains for India?**

¹ Al Jazeera Staff and Reuters, “Russia the Only ‘Winner’ of US-Israel War on Iran: EU Council President,” *Al Jazeera*, 10 March 2026. <https://www.aljazeera.com/news/2026/3/10/russia-the-only-winner-of-us-israel-war-on-iran-eu-council-president>

² Udit Bubna, “With 50% of India's Crude Imports Passing Through Strait of Hormuz, Concerns Mount Over US-Iran Standoff,” *ThePrint*, 25 February 2026. <https://theprint.in/economy/with-50-of-indias-crude-imports-passing-through-strait-of-hormuz-concerns-mount-over-us-iran-standoff/2863174/>

More fundamentally, is Russia actually “winning” or are the perceived gains merely short-term consequences of market disruption—mistaken for durable strategic advantage? Answering this requires moving beyond broad geopolitical claims and examining the underlying mechanics of the crisis: how oil is traded, how it is shipped, how insurance risks are priced, and how sanctions shape transactions. It is within these practical dynamics that Russia’s position can be properly understood, and where the implications for India become most evident.

This article seeks to unpack the claim that Russia is “*winning the war*” by tracing these mechanisms in detail, while assessing what they mean for India as it navigates an increasingly volatile energy and strategic environment.

The Shock — How the Iran Crisis Reshapes Energy Markets

The most immediate way in which the Iran crisis affects global markets is through oil. Before the crisis, global oil markets were relatively stable. Brent crude was trading in the range of \$70–75 per barrel, and Russian Urals crude was selling at a discount of roughly \$10–13 below Brent, largely due to sanctions and the G7 price cap.³ This meant that while Russia remained a major exporter, it was doing so under constrained pricing conditions, with limited access to Western shipping, insurance, and financial systems.

The Iran crisis disrupted this equilibrium almost immediately.⁴ The escalation raised concerns over the security of energy flows through the Strait of Hormuz—a corridor through which roughly 20–21 million barrels per day of oil and condensate transit, accounting for about one-fifth of global consumption.⁵ Even without a full blockade, the threat of disruption was enough to trigger a sharp reaction in markets.

Oil prices responded first. Brent crude surged towards the \$100–120 per barrel range, reflecting both immediate uncertainty and expectations of prolonged instability.⁶ However, the more significant shift was not just in benchmark prices, but in how different types of crude were valued within this rising market.

Russian oil, which had been trading at a discount, began to see that gap narrow sharply—and in some cases reverse.⁷ Deliveries of Russian crude to Asian markets moved close to benchmark

³ “Brent Oil Futures Historical Data,” *Investing.com*, accessed 26 March 2026.

<https://in.investing.com/commodities/brent-oil-historical-data> and “Crude Oil Urals Europe CFR Spot Historical Data,” *Investing.com*, accessed 26 March 2026. <https://in.investing.com/commodities/crude-oil-urals-spot-futures-historical-data>

⁴ Nick Marsh, “How Iran War Laid Bare the World’s Reliance on Gulf Oil and Gas,” *BBC News*, 12 March 2026. <https://www.bbc.com/news/articles/c15x1y8d37vo>

⁵ “Amid Regional Conflict, the Strait of Hormuz Remains Critical Oil Chokepoint,” *US Energy Information Administration*, 16 June 2025. <https://www.eia.gov/todayinenergy/detail.php?id=65504>

⁶ “Crude Oil Prices Surpass \$100 a Barrel as Iran War Impedes Production and Shipping,” *The Hindu*, 9 March 2026. https://www.thehindu.com/business/markets/crude-oil-prices-surpass-100-a-barrel-as-iran-war-impedes-production-and-shipping/article70720990.ece#google_vignette

⁷ “Russian Urals Oil Price Tops Brent for First Time in Indian Market, Traders Say,” *Reuters*, 6 March 2026. <https://www.reuters.com/business/energy/russian-urals-oil-price-tops-brent-first-time-indian-market-traders-say-2026-03-06/>

levels, with some cargoes reportedly trading at a premium of \$4–5 above Brent. In effect, the crisis raised the baseline price under which Russian oil was being sold, allowing Moscow to generate higher revenues even without a substantial increase in export volumes. Daily export earnings rose accordingly, with estimates suggesting a significant jump in Russia’s energy revenues in the initial weeks of the crisis.⁸

At the same time, the cost of moving oil through the Gulf increased. Shipping companies began factoring in higher risk, and war-risk insurance premiums for vessels operating in and around the Gulf rose sharply.⁹ This made transporting Gulf crude more expensive and less predictable, even when shipments continued. The result was not a halt in trade, but a change in its economics: Gulf oil became riskier and costlier to move, while alternative supplies appeared relatively more attractive.

A critical enabling factor in this shift was the decision by the United States to introduce temporary waivers on the sanctions that had been imposed on certain Russian oil transactions.¹⁰ These waivers, framed as short-term measures to stabilise global markets, allowed the delivery of Russian crude that was already in transit or contracted prior to escalation. In practice, this provided immediate liquidity to Russian exporters and incentivised buyers to accelerate purchases at a time when alternative supplies were under stress. Imports of Russian crude by major economies, particularly in Asia, rose in the weeks following these relaxations.

For importers such as India, the impact was twofold. On the one hand, higher global prices and rising insurance costs increased the overall burden of energy imports. On the other, the relative availability of Russian crude—combined with its pricing dynamics—offered a way to manage some of this pressure. Russian oil, in this context, did not replace Gulf supplies, but it did provide an additional layer of flexibility in an increasingly uncertain market.

The immediate effect of the Iran crisis, therefore, has not been a simple disruption of supply, but a reordering of how risk and value are distributed within global energy markets. Oil that can be delivered with fewer uncertainties—whether due to geography, logistics, or policy adjustments—has become more valuable. It is within this shifting landscape that Russia’s position begins to strengthen, not through control of the crisis, but through its ability to operate within it.

The Mechanics of Gain — Trade, Shipping and Insurance

⁸ “\$760m a Day: Putin Cashes In as US Waivers Boost Russian Oil Earnings amid Iran War,” *The Times of India*, 26 March 2026. <https://timesofindia.indiatimes.com/business/international-business/760m-a-day-putin-cashes-in-as-us-waivers-boost-russian-oil-earnings-amid-iran-war/articleshow/129820147.cms>

⁹ Noor Zainab Hussain and Manya Saini, “Maritime Insurance Premiums Surge as Iran Conflict Widens,” *Reuters*, 6 March 2026. <https://www.reuters.com/world/middle-east/maritime-insurance-premiums-surge-iran-conflict-widens-2026-03-06/>

¹⁰ Ismail Shakil and Gleb Bryanski, “US Issues 30-Day Sanctions Waiver for Purchase of Russian Oil at Sea,” *Reuters*, 12 March 2026. <https://www.reuters.com/business/energy/us-issues-new-russia-related-general-license-oil-treasury-website-2026-03-12/>

If the Iran crisis has altered how oil is priced, the next question is how it is actually moved and traded under these conditions. The answer lies in the structure of trade flows, the nature of cargoes, and the logistics and insurance systems that sustain them.

The first layer is trade patterns. Following Western sanctions and the European embargo, Russian oil flows were redirected towards Asia, with India and China emerging as the primary buyers.¹¹ At their peak, Russian exports to India alone reached around 1.5–1.7 million barrels per day, making Russia the country's largest supplier.¹²

This pattern, however, had already begun to shift before the Iran crisis. By early 2026, India's imports of Russian crude had declined to a 44-month low, with a corresponding increase in imports from Gulf suppliers.¹³ This reflected a combination of factors, including narrowing price discounts, tighter sanctions enforcement, and improved availability of alternative supplies. The shift indicated that sourcing decisions were already in flux even before the current disruption.

Alongside crude, the composition of trade also matters. Russia exports significant volumes of intermediate products such as fuel oil and vacuum gasoil.¹⁴ These are imported by refining hubs, including India, where they are processed into higher-value products such as diesel and jet fuel. These refined products are then exported onwards, including to European markets. This creates a layered trading system in which crude and intermediate inputs move separately, and the origin of hydrocarbons becomes less visible once they are processed and re-exported.

The second layer is logistics. The Iran crisis has increased the cost and complexity of transporting oil, particularly through the Gulf. Shipping companies have had to account for rising risk levels, leading to higher charter rates and more cautious routing decisions.¹⁵ Some vessels have delayed transit, while others have rerouted or required additional compensation to enter high-risk zones.

A significant component of these costs comes from insurance. War-risk premiums for tankers operating in and around the Gulf have risen sharply, in some cases several times over pre-crisis levels.¹⁶ Shipowners are often required to secure additional short-term coverage to transit

¹¹ "Russia Oil Trade: India Imported €144 Billion Worth of Crude since Start of Ukraine War; Second-Largest Buyer after China," *The Times of India*, 6 January 2026. <https://timesofindia.indiatimes.com/business/india-business/russia-oil-trade-india-imported-144-billion-worth-of-crude-since-start-of-ukraine-war-second-largest-buyer-after-china/articleshow/126376325.cms>

¹² "Russia Oil Trade: India Imported €144 Billion Worth of Crude."

¹³ TCA Sharad Raghavan, "Oil Imports from Russia Fell to 44-Month Low in January 2026, Gulf Countries Saw Rising Share," *The Hindu*, 2 March 2026. <https://www.thehindu.com/business/Economy/oil-imports-from-russia-fell-to-44-month-low-in-january-2026-gulf-countries-saw-rising-share/article70694447.ece>

¹⁴ Vaibhav Raghunandan, "December 2025 — Monthly Analysis of Russian Fossil Fuel Exports and Sanctions," *Centre for Research on Energy and Clean Air*, 13 January 2026. <https://energyandcleanair.org/december-2025-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/>

¹⁵ Twesh Mishra, "Shipping Lines Cite Higher Costs beyond Their Control for Surcharges," *The Economic Times*, 10 March 2026. <https://economictimes.indiatimes.com/industry/transportation/shipping/-/transport/shipping-lines-cite-higher-costs-beyond-their-control-for-surcharges/articleshow/129408349.cms?from=mdr>

¹⁶ "Iran-Israel Gulf War Risk: Maritime Insurance, Shipping Hit as Strait of Hormuz Waters Turn Riskier, Risk Cover Disappears," *The Economic Times*, 3 March 2026. <https://economictimes.indiatimes.com/industry/energy/oil-gas/iran-israel-gulf-war-risk-maritime-insurance-shipping-strait-of-hormuz-middle-east-waters-turn-riskier-risk-cover-disappears/articleshow/128938613.cms?from=mdr>

sensitive areas, increasing the overall cost of voyages. In certain instances, insurers have imposed tighter conditions or reduced coverage windows, adding further uncertainty to scheduling and pricing.

These changes have affected how cargoes are evaluated. The cost of oil is no longer limited to its benchmark price, but includes freight rates, insurance premiums, and potential delays. As a result, the delivered cost of Gulf-origin oil has increased more significantly than headline prices alone would suggest.

Russian exports operate within this same system, but through a combination of different routes and service arrangements. Cargoes are shipped from ports in the Baltic, Black Sea, and Far East, often on longer routes that avoid the most sensitive chokepoints.¹⁷ At the same time, a portion of these shipments is carried by non-Western tankers operating outside traditional insurance and regulatory frameworks. This includes vessels with alternative insurance arrangements and ownership structures that are less transparent than those in the conventional maritime system.

Together, these elements—trade flows, cargo composition, logistics, and insurance—shape how oil continues to move despite disruption. They also determine how costs are distributed across different routes and suppliers, and how buyers adjust sourcing decisions in response to changing conditions.

Sanctions, Markets and Russia's Real Gains

If the crisis has raised the value of oil, it has also raised the cost of moving it. The same disruptions that push prices upward are increasing the financial and operational burden across the system, including for Russia.

A key pressure point is insurance. War-risk premiums for tankers operating in and around the Gulf have risen from roughly 0.25–0.3% of vessel value to around 0.5–1%, with higher-risk cases going beyond that.¹⁸ For a large crude tanker, this translates into millions of dollars in additional cost per voyage. At the same time, insurers have shortened coverage periods and imposed stricter conditions, requiring additional short-term policies.

These shifts affect the global tanker market as a whole. As vessels avoid high-risk zones or demand higher compensation, effective tanker availability declines, tightening supply. Charter rates have surged accordingly, with very large crude carriers (VLCCs) at times reaching around \$700,000 per day on certain routes.¹⁹

Russia operates within this same market, but under additional constraints. A substantial portion of its exports is carried outside the Western insurance system. Under the price cap regime

¹⁷ Zahra Ahmed, "10 Major Oil Shipping Routes in the World," *Marine Insight*, 4 June 2024.

<https://www.marineinsight.com/major-oil-shipping-routes/>

¹⁸ George Mathew, "War Risk Insurance Costs Spiral Upwards as West Asia Conflict Escalates," *The Indian Express*, 13 March 2026. <https://indianexpress.com/article/business/insurance-costs-spiral-upwards-as-west-asia-conflict-escalates-10580435/>

¹⁹ "War Risk Insurance Returns to Strait of Hormuz — at a Price," *The Business Times*, 15 March 2026. <https://www.businesstimes.com.sg/international/war-risk-insurance-returns-strait-hormuz-price>

introduced after 2022, cargoes sold above the cap cannot access major Protection and Indemnity (P&I) insurance.²⁰ As a result, Russian shipments rely on alternative insurers and non-Western service providers, often with less transparency and higher perceived risk.

Route dynamics add to these pressures. Since 2022, Russian crude that was previously shipped over shorter distances to Europe has been redirected towards Asia. Cargoes from Baltic ports now travel significantly longer distances to reach buyers such as India, increasing voyage time, fuel consumption, and tanker utilisation. In parallel, disruptions in the Red Sea have further lengthened some of these routes by forcing vessels to divert around the Cape of Good Hope, adding days to transit times and increasing overall costs.

These cost increases interact with sanctions in a layered way. While higher global prices and temporary waivers have allowed trade to continue, structural constraints remain in place—particularly in shipping, insurance, and financial access. Russia has adapted through alternative networks, including a large fleet of older tankers operating with non-Western insurance, but these arrangements come with higher operating and compliance risks.

At the same time, Russian crude is now being sold in a stronger price environment. Cargoes delivered to Asian markets have, in recent weeks, traded close to or even above Brent benchmarks, compared to the significant discounts seen earlier under sanctions. Taken together, the gains are real but qualified. Russia is earning more per barrel, but within a system that has become more expensive to operate.

Russia was already functioning under higher costs following the 2022 sanctions—relying on longer routes, alternative insurers, and parallel logistics networks. The current crisis amplifies these conditions. While revenues per barrel may have increased, the risks and costs associated with sustaining those flows have also risen. In that sense, Russia’s position is stronger than in the immediate pre-crisis moment, but it has not returned to the ease of pre-2022 conditions. Any strategic leverage that emerges is therefore likely to be limited and contingent—shaped by short-term disruption rather than structural advantage, and with uncertain translation into longer-term gains.

India’s Stakes — Between Cushion and Constraint

For India, the relevance of Russia’s gains is filtered through one core reality: India imports over 85% of its crude, making it structurally exposed to both price volatility and supply disruptions.²¹ The shift towards Russian oil since 2022—from less than 2% to over 40% at its peak—was therefore driven by both necessity and opportunity.²² Yet this dependence was already beginning

²⁰ US Department of the Treasury, “Price Cap Coalition Advisory for the Maritime Oil Industry and Related Sectors,” 12 October 2023. <https://home.treasury.gov/news/press-releases/jy1797>

²¹ Shrikant Madhav Vaidya, “In an Unstable World, Energy Sovereignty Is the New Oil,” *The Hindu*, 30 August 2025. https://www.thehindu.com/opinion/lead/in-an-unstable-world-energy-sovereignty-is-the-new-oil/article69990145.ece#google_vignette

²² Press Trust of India, “From 0.2% to 35–40%: India’s Imports of Russian Oil under Spotlight after Trump Tariffs,” *The Economic Times*, 30 July 2025. <https://economictimes.indiatimes.com/news/economy/foreign->

to moderate in early 2026, as imports from Russia declined and Gulf suppliers regained share. The ongoing crisis has reversed that trend, not as a deliberate strategic shift, but as a response to immediate market stress.

In recent weeks, this adjustment has been visible in real time. Indian refiners have stepped up purchases of Russian crude, including under temporary sanctions waivers, with reports of 30–60 million barrels being secured within days to stabilise supply.²³ At least seven tankers originally bound for China were rerouted mid-voyage to India, reflecting both higher Indian demand and shifting price signals.²⁴ In one instance, even cargoes already *en route* changed destination, highlighting how fluid and opportunistic this trade has become.²⁵ At the same time, demand for Russian crude is no longer limited to India and China—other Asian buyers are entering the market, tightening availability and raising competition for these barrels.²⁶

How this oil reaches India is central to understanding both its value and its limits. Russian crude today moves primarily via long-haul maritime routes from Baltic ports to Indian refineries, often taking around 30 days.²⁷ Far Eastern grades such as ESPO (Eastern Siberia–Pacific Ocean pipeline crude) and Sokol (a light, low-sulphur crude from Sakhalin fields) reach Asian markets more directly, but form a smaller share of India’s intake. These flows operate through a system already shaped by sanctions—relying on longer routes, non-Western insurance, and flexible logistics, including ship-to-ship transfers and opaque trading networks. The current crisis does not change this structure, but increases the cost and uncertainty within it.

Alternative routes are often discussed but remain limited in practice. The International North-South Transport Corridor (INSTC), which links Russia to India via Iran, is still incomplete and dependent on multimodal transfers. More importantly, its reliance on Iran—currently at the centre of the crisis—makes it operationally uncertain in precisely the scenario where it is most needed. Similarly, the Chennai–Vladivostok corridor remains underdeveloped and commercially untested. As a result, India’s access to Russian oil continues to depend overwhelmingly on long maritime routes rather than strategic alternatives.

[trade/from-0-2-to-35-40-indias-imports-of-russian-oil-under-spotlight-after-trump-tariffs/articleshow/123003228.cms?from=mdr](https://www.bloombergtariffs.com/articles/123003228.cms?from=mdr)

²³ Rakesh Sharma, “India Has Bought 60 Million Barrels of Russian Oil for April,” *Bloomberg*, March 25, 2026. <https://www.bloomberg.com/news/articles/2026-03-25/india-has-bought-60-million-barrels-of-russian-oil-for-april>

²⁴ “7 China-Bound Oil Tankers Now Headed for India, Says Report,” *The Times of India*, 19 March 2026. <https://timesofindia.indiatimes.com/india/7-china-bound-oil-tankers-now-headed-for-india-says-report/articleshow/129664977.cms>

²⁵ Debayan Tewari and Anil Kumar Sastry, “China-Bound Russian Oil Tanker Diverted to India,” *The Hindu*, 18 March 2026. <https://www.thehindu.com/news/national/china-bound-russian-oil-tanker-diverted-to-india/article70758422.ece>

²⁶ “Fuel-Thirsty Asian Countries Line Up for Russian Oil,” *Reuters*, 26 March 2026. <https://www.reuters.com/business/energy/fuel-thirsty-asian-countries-line-up-russian-oil-2026-03-26/>

²⁷ Arunima Bharadwaj and Ishaan Gera, “Hormuz Disruption Could Double India’s Energy Delivery Times,” *Moneycontrol*, 10 March 2026. <https://www.moneycontrol.com/news/business/economy/hormuz-disruption-could-double-india-s-energy-delivery-times-13856052.html>

This creates a layered reality for India. In the short term, Russian oil provides flexibility—it allows India to compensate for disruptions elsewhere, diversify sourcing, and maintain refinery throughput. But this flexibility comes with constraints that are becoming more visible:

- a) **Rising costs despite continued access** — Even when Russian oil is available, higher freight rates, insurance costs, and reduced discounts mean that the economic advantage has narrowed significantly compared to 2022–23.
- b) **Increasing competition for Russian barrels** — With more Asian countries turning to Russia, supply is no longer as elastic, and India must compete more actively for volumes that were once more easily available.
- c) **Logistical and sanction-related exposure** — Dependence on long routes, alternative insurance systems, and waiver-based transactions makes the system functional but fragile, especially if enforcement tightens again.
- d) **Persistent macro vulnerability** — Even with Russian supplies, India remains exposed to higher global oil prices, which affect inflation, the current account, and overall economic stability.

In that sense, Russian oil functions as a cushion rather than a solution. It reduces immediate pressure but does not eliminate structural dependence or vulnerability. If the crisis stabilises, India is likely to rebalance its sourcing once again—as it had already begun to do before the disruption. If it persists, reliance on Russian crude may deepen, but under conditions that are more competitive, more expensive, and more uncertain.

The result is a familiar but sharper dilemma: Russia's gains do translate into short-term flexibility for India, but not into long-term security.

Conclusion

The claim that "*Russia is winning this war*" holds only if understood in relative and short-term terms. The Iran crisis has undoubtedly increased the value of Russian oil. Higher global prices, constrained Gulf supplies, and shifting buyer behaviour have allowed Russia to sell more favourably than it could under the strictest phase of sanctions pressure. In that sense, the crisis has expanded Russia's room for manoeuvre.

Yet these gains are neither absolute nor cost-free. Russia continues to operate through longer routes, alternative insurance systems, and parallel logistics networks that are inherently more expensive and risk-prone. The current crisis has amplified these conditions rather than alleviated them. While per-barrel revenues may have risen, so too have the costs and uncertainties of sustaining those flows. This is not a return to the relative ease of pre-2022 conditions, but an adjustment within a more constrained system.

For India, this translates into a nuanced reality. Russian oil has emerged as a useful buffer—offering flexibility in moments of disruption and helping manage immediate supply risks. But it

does not shield India from the broader consequences of instability: higher global prices, rising freight and insurance costs, and continued exposure to external shocks. If anything, the same conditions that enhance Russia's position also deepen India's vulnerability as a large net importer.

Ultimately, the crisis underscores a simple but often overlooked point: gains in energy markets are shaped not just by price, but by the ability to sustain trade under constraint. Russia's position has improved, but within limits. Its advantage is situational rather than structural, and its durability remains uncertain. For India, the task is not to rely on this momentary alignment, but to navigate it—balancing diversification, affordability, and strategic autonomy in an increasingly volatile energy landscape.

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