

NATO SECONDARY SANCTIONS

NEWS: India has firmly pushed back against NATO Secretary's warning of **secondary sanctions** over its continued trade with Russia.

WHAT'S IN THE NEWS?

What are Secondary Sanctions?

- **Definition:**
Secondary sanctions are punitive measures imposed not on the primary target (e.g., Russia), but on **third-party countries, companies, or entities** that engage in significant transactions with the sanctioned nation.
- **Scope of Action:**
These sanctions aim to **deter neutral or allied countries** from continuing economic or strategic ties with the sanctioned country.
- **Possible Measures Include:**
 - **Hefty tariffs:** For example, **100% tariffs** may be imposed on exports from countries continuing trade with Russia.
 - **Financial restrictions:** Entities may lose **access to US/EU banking, capital markets, and financial instruments**.
 - **Technology and investment bans:** Blocked from participating in **critical infrastructure or tech-sharing agreements**.

India's Crude Oil Import Landscape

- **High Dependence:**
India is the **world's third-largest importer of crude oil**, fulfilling about **88% of its needs** through imports.
- **Primary Suppliers:**
India's main oil suppliers include **Iraq, Saudi Arabia, Russia, the US, and UAE**.
- **Shift Towards Russia (Post-2022):**
After the Russian invasion of Ukraine, India **increased its intake of discounted Russian oil**, citing economic imperatives.

India's Official Stand on Russian Oil Imports

- **Energy Security First:**
With high dependence on oil imports, India prioritizes **affordable and stable energy access** to support domestic economic and developmental needs.
- **Pragmatic Strategy:**
India explains its imports as a **response to volatile global energy markets**, fluctuating prices, and growing demand.

- **Double Standards Argument:**

India criticizes Western countries for hypocrisy, as they:

- Continue buying **Russian gas and LNG** (while pledging phase-out by 2027),
- Import **refined petroleum products** made from Russian crude (e.g., from Indian refiners),
- While urging others to **cease Russian oil trade**.

What is NATO?

- **About:**

- The North Atlantic Treaty Organization (NATO) is an intergovernmental military alliance formed in 1949. It was established with the primary goal of providing collective defence against potential aggression, particularly from the Soviet Union during the Cold War era. Over the years, NATO has evolved to address a range of security challenges beyond its original mandate.

- **History:**

- **Formation:** NATO was established on April 4, 1949, with the signing of the North Atlantic Treaty in Washington, D.C. by 12 founding member countries from **Europe** and North America.
- **Cold War Era:** During the **Cold War**, NATO served as a deterrent against Soviet expansionism, with the US providing significant military support to its European allies.
- **Post-Cold War:** After the collapse of the **Soviet Union**, NATO expanded its focus to include crisis management, conflict prevention, and cooperative security efforts.

- **Membership:**

- **Original Members:** The original 12 founding members of NATO were Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, and the United States.
- **Expansion:** NATO has expanded since its founding, with new member countries joining in multiple rounds. The alliance currently consists of 32 member countries.

- **Mission and Objectives:**

- **Collective Defence:** NATO's primary mission is collective defence, as outlined in Article 5 of the North Atlantic Treaty. This article stipulates that an attack on one member country will be considered an attack on all, and the members will respond collectively.
- **Crisis Management:** In addition to collective defence, NATO engages in crisis management activities, including conflict prevention, peacekeeping, and stabilisation efforts in various regions around the world.

- **Structure:**

- **Political Leadership:** The North Atlantic Council (NAC) serves as NATO's principal political decision-making body, composed of ambassadors from all member countries.
- **Military Command Structure:** NATO's military command structure includes Strategic Commands (e.g., Allied Command Operations) responsible for operational planning and execution, as well as Regional Commands and Force Headquarters.
- **Integrated Military Forces:** NATO maintains integrated military forces, allowing member countries to contribute personnel and assets to collective defence efforts under NATO command.

Implications of Secondary Sanctions for India

- **Trade Risk with the West:**
If secondary sanctions are applied, India's **exports to the US and EU** could face **punitive tariffs**, impacting sectors such as textiles, pharmaceuticals, and IT services.
- **Economic Pressure:**
Reducing Russian oil imports could **raise energy costs**, increase **import bills**, and contribute to **inflation** in fuel and transport prices.
- **Strategic Autonomy Asserted:**
India's oil policy reflects its **non-aligned foreign policy**, pursuing **strategic ties** with both the West and Russia based on national interest, **not bloc politics**.

Steps Taken by India to Manage Crude Oil Imports

- **1. Diversification of Sources:**
 - India is sourcing oil from a **wide range of countries**—Iraq, Saudi Arabia, UAE, US, and Russia—to avoid overdependence.
 - This reduces vulnerability to geopolitical or price shocks in any one region.
- **2. Strategic Petroleum Reserves (SPR):**
 - India has built **cushion reserves** to provide emergency supplies in case of **supply disruptions or international embargoes**.
 - SPR capacity is being expanded in phases for long-term energy resilience.
- **3. Boosting Domestic Oil Production:**
 - Through the **Hydrocarbon Exploration and Licensing Policy (HELP)** and **Discovered Small Fields (DSF)** policy, India is incentivizing oil and gas exploration and private sector participation.
- **4. Promotion of Alternatives & Efficiency:**
 - Massive investments are being made in **renewable energy** (solar, wind, biofuels).

- **Fuel efficiency programs** and **electric vehicle adoption** are being accelerated to **reduce crude oil dependence**.
- **5. Long-Term Bilateral Agreements:**
 - India has entered into **multi-year energy agreements** with suppliers such as Russia, Iraq, and Saudi Arabia to ensure **stable pricing and uninterrupted supply chains**.

Conclusion

- **Balancing Act:**
India faces the challenge of maintaining **energy security**, while navigating **geopolitical pressures** from major global powers.
- **Strategic Autonomy is Key:**
Its actions reflect a **realistic, interest-driven approach** focused on **economic stability** and **foreign policy independence**.
- **Need for Diplomacy:**
India will likely pursue **quiet diplomacy** with the US and EU to **mitigate risks of secondary sanctions** while continuing to **leverage global energy partnerships**.

Source: <https://www.thehindu.com/news/national/india-cautions-against-double-standards-in-sanctions-on-russian-oil-imports/article69824317.ece>