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OPINION | Iran conflict is really about oil. Energy transition not only combats climate change, it also enables peace

Whatever the official version of the US, its war on Iran joins the long list of fights triggered by the need to control fossil fuel sources. A global clean energy transition has a barely noticed upside: an end to resource conflicts

NILANJAN BANIK | MAY 27, 2026 / 08:45 IST

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Amid reports that Iran and the United States may soon reach a ceasefire agreement over the ongoing conflict, fresh tensions emerged on Tuesday following reports of U.S. strikes on missile launch sites and boats in southern Iran. Washington claimed the action was carried out in self-defense. A prolonged war is bad news for a large and fast-growing economy like India, which imports nearly a quarter of its energy needs. Although the arguments given by the US are to stop Iran's nuclear program and to address the so-called atrocities committed by the leadership against protesters complaining about the Iranian economy, the actual reason may lie elsewhere.

It is the oil.

Historically, many major conflicts have centred on the control of oil and other [fossil](#) fuels. Because large fossil-fuel reserves are concentrated in limited geographic regions, competition to control them has repeatedly fuelled war.

Consider this: among the factors that destabilised inter-war Europe was the occupation of the industrial and mineral-rich Ruhr region by French and Belgian troops after Germany halted coal deliveries required under World War I reparations agreements. This occupation severely damaged the German economy and contributed to the political and economic instability that later enabled the rise of extremism.

Several decades later, fossil fuels once again became a focal point of global conflict. In 1990, Iraq's invasion of Kuwait brought oil geopolitics sharply to the forefront. Control of Kuwaiti oil reserves would have dramatically shifted the balance of power in [West Asia](#), giving Iraq disproportionate influence over regional energy supplies. Such a shift was deemed unacceptable to the United States and its allies, prompting military intervention.

More recently, Russia's conflict with Ukraine has highlighted similar dynamics. Regions such as Donbas contain significant coal reserves, while parts of the [Black Sea](#) region are rich in oil and natural gas. Russia's annexation of Crimea in 2014 was reinforced by strategic considerations, including control over energy routes and offshore resources, echoing earlier conflicts shaped in part by fossil-fuel interests. Russia's invasion of Ukraine effectively weaponised Europe's dependence on natural gas. Germany alone sourced about 55% of its natural gas from Moscow, despite its push to expand wind energy. In fact, the EU is among the largest buyers of Indian refined petroleum products, many of which, until recently, were produced using Russian crude oil.

A similar pattern appears to be emerging again, with the US asserting influence over Venezuela's oil sector while intensifying pressure on Iran. Wars, sanctions on Iran, and proxy conflicts in Yemen are all shaped, to varying degrees, by competition over energy and strategic resource control. Fossil-fuel wealth often concentrates power in unstable regimes, heightening the risk of aggression.

Fossil fragility

An excessive reliance on fossil fuels has also contributed to global economic instability. Energy shocks, such as the oil crises of the 1970s, triggered global inflation and forced central banks

into aggressive monetary tightening. While such measures eventually controlled inflation, they came at the cost of recessions, unemployment, and long-term economic damage, particularly in developing economies.

Even today, many countries face inflationary pressures driven by volatile energy prices, currency fluctuations, and geopolitical uncertainty. These challenges disproportionately affect emerging economies, increasing debt burdens, and limiting investments in social welfare and sustainable development.

The United States itself is facing the burden of war, with consumer price index rising to [3.8% from April 2025](#), the biggest jump in three years, and up from a 3.3% year-over-year gain in March 2026. For India, the situation is leading to a worsening Current Account Deficit (CAD). Every [\\$10 rise in global Brent crude](#) prices is estimated to widen India's CAD by about 0.3% to 0.5% of GDP, translating to billions of dollars. Brent crude was trading between \$66-\$70 per barrel before the start of the war in February 2026, reaching to a high of \$126 [on 29 April 2026](#). Now, with the United Arab Emirate's exit from OPEC, Brent crude may continue to hover around \$80 a barrel for the remainder of 2026, even if the Iran and the United States decide to end the war. If the disruption persisted through the rest of 2026, Brent could average \$91 per barrel in fourth quarter of 2026. The world as a whole could be staring at a recession.

There is no short-term alternative to save the economies, however, a gradual transition to green energy may be of help. In an era in which fossil fuels continue to ignite conflicts from Ukraine to West Asia, it is time to recognise a broader truth: green energy is not just about climate; it also has implications for global peace. Unlike oil and gas, renewable energy sources such as sunlight, wind, and water are widely distributed and far less geographically concentrated. This reduces the incentive for territorial conflict and diminishes the strategic importance of controlling specific regions.

Towards a green stability

A decisive global shift toward renewable energy could fundamentally alter the structure of international relations. By reducing dependence on concentrated fossil fuel reserves, nations could lower the risk of conflict, stabilise economies, and redirect resources toward social development and environmental protection. The problem with climate change is that it does not impact a single country. Consider crop failures from drought. That event doesn't impact the country with drought but all other economies that depend upon that nation's agriculture output for food. Last year, a ban on rice export by India has seen the price of rice going up in the US and Canada; so much so that the grocery stores are rationing the number of rice bags one can buy. [97 out of the top 100 hottest cities](#) in the world are now in India. With roughly 75% of

India's workforce engaged in outdoor or poorly ventilated indoor labor, extreme heat could reduce the country's [GDP by as much as 4.5%](#).

With China pledging to reach net zero by 2060 and India by 2070, the global shift toward renewable energy is accelerating. The US shale revolution offered only temporary relief. Argentina's Vaca Muerta shale is promising, but pivoting to renewables offers truer energy independence. Brazil's ethanol success halved oil imports; Africa's solar boom allows the continent to leapfrog carbon-intensive fuels. Israel's offshore gas fields buy time, but accelerating green energy ensures lasting security.

Imagine a world where nations compete in clean-tech innovation, not in territorial conquest. India, scaling solar faster than most major economies, leads by example. By fostering energy independence, green transitions can blunt aggressive diplomacy. Leaders must prioritise this shift. The dividends - peace, stability, prosperity - await those bold enough to seize them. Hopefully, good sense will prevail, with the US reaffirming its climate commitments.

(The author is Professor, Mahindra University. Views expressed are personal.)