

MP-IDSA *Commentary*

US/Israel-Iran War: Ceasefire and Beyond

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S*ummary*

The Iran conflict has reshaped global dynamics and irreversibly upended international norms.

On 9 April 2026, the US and Iran announced a ‘two-sided’ ceasefire in the ongoing conflict after nearly five weeks, a period that saw a wide range of military actions by both sides and a growing schism in the geopolitical order. Washington announced that Iran has agreed to open the Strait of Hormuz (albeit conditionally, as per Iran) and that its ceasefire proposal is workable, calling for a suspension of hostilities for the next two weeks, having met all its military objectives. Iran, on the other hand, has laid down a few conditions contradicting the very war objectives of the US/Israel, which sets a difficult backdrop for talks and peace in the region. The ceasefire remains precarious, driven more, it seems, by mutual exhaustion than by mutual agreement, as both sides will, in all probability, exploit this period to recoup.

Declaring ‘Victory’

Competing declarations of victory from Washington and Tehran accompanied the announcement of the ceasefire. However, as the talks commence, strategic planners on both sides will be fervently taking stock of their gains and losses while preparing for possible re-initiation of hostilities. Since 28 February, it is estimated that the US and Israel have hit more than 13,000 targets in Iran, specifically the military echelons initially, and later 800 strikes against key defence industrial infrastructure,¹ including railways, roads and bridges.

The US has claimed crippling strikes on nuclear facilities of Iran, destruction of 80 per cent of AD weapon systems and missile launch capabilities, 150 naval vessels and 20 naval production facilities, 90 per cent of weapon production facilities, 80 per cent of nuclear industrial base, 2000 C2 nodes, 800 drone storage and solid propellant production facilities. The strikes also destroyed the Iranian Space Research Centre, as well as its oil production facilities at Kharg, South Pars (80 per cent of oil production), the Port at Mahshahr SEZ, the Lavan Island oil refinery, and the Sirri Island crude export facility, significantly degrading Iran’s economic capacity. The human cost, besides the early loss of their Supreme Leader, includes 40–45 senior leaders of the government, hundreds of tactical commanders and an estimated 1,700 civilian casualties.² Attacks on healthcare facilities, civilian infrastructure and displacement may also result in a humanitarian crisis for Iran.

1. Rajneesh Singh, “[Targeting Defence-Industrial Ecosystem: The War in West Asia and Lessons for India](#)”, Issue Brief, Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), 16 March 2026.

2. Damian Murphy, Andrew Miller and Allison McManus, “[What America Has Lost in the War With Iran](#)”, Centre for American Progress, 8 April 2026.

Iran also escalated the conflict both horizontally and vertically, causing noteworthy losses for the US and its allies in the region. The approximate cost estimates have ranged from US\$ 33 billion to US\$ 42 billion to date. The US has incurred losses of four THAAD systems out of eight available globally; *USS Gerald R. Ford* was made inoperable between 12 March and 6 April; an estimated 21 aircraft were destroyed, worth US\$ 2.8 billion; and 13 US bases were targeted, making them uninhabitable.³

Iran also targeted the Gulf countries' oil/gas production facilities, ports and even aluminium plants. The key installations sustaining major damage include Ruwais, Habshan, Shah, Das Island (LNG), Fujairah, Jebel Ali, Khor Fakkan, Al Taweelah in the UAE, Ras Tanura, Samref, Shaybah, Yanbu in Saudi Arabia, Bapco Energies, Gulf Petrochemical Industries, Alba, Khalifa Bin Salman in Bahrain, Sohar, Mina Al Fahal, Salalah ports in Oman, Ras Laffan in Qatar, Kuwait National Petroleum, Mina Al-Ahmadi, Mina Abdullah in Kuwait and Lanaz, Majnoon, in Iraq.⁴ Many of these may take 5–7 years to be restored to full capacity.

Both sides remain wary of each other, and with changing war objectives of the US throughout the campaign, mere assurance through another agreement will not be adequate. As Iran seeks permanent guarantees in the region, it is aware that the US wants a quick settlement and exit, prompting it to negotiate for maximum gains. The sheer military and infrastructure losses suffered by Iran and GCC countries may also harden the stance.

What Lies Ahead

The Strait of Hormuz has emerged as the geopolitical ‘Centre of Gravity’ that Iran has successfully leveraged in this conflict. The silent yet honoured ‘arrangement’ that existed along this 33 km-wide channel before 28 February has collapsed and is unlikely to be re-established anytime soon. Four plausible scenarios can emerge with overlapping conditions during or after the ceasefire ends.

Scenario A (Partial Deal)

Iran accepts a modified deal with an enrichment cap short of weapons-grade. Sanctions will be removed while the US retains (but reduces) its regional military presence. Hormuz fully opens. This will be akin to a JCPOA-like framework but with

3. Satyam Sinha, “[Iran Strikes Leave 13 US Bases Uninhabitable, Troops Forced Into Remote War](#)”, *India Today*, 26 March 2026.

4. Dylan Griffiths and Carlos Caminada, “[List of Gulf Energy Infrastructure Damaged in Iran War](#)”, *Insurance Journal*, 7 April 2026.

Iran in a much weaker position. This is Trump's ‘Venezuela scenario’—deal with new leadership, get some oil concessions, declare victory.⁵ The probability of this option is less as Iran cannot afford to leave itself vulnerable to future air strikes again.

Scenario B (Ceasefire breaks down—Partial/Full-scale Resumption)

Talks in Islamabad collapse after Iran's maximalist demands. US/Israel undertakes targeted strikes against Iran, but both sides stop short of resuming full-scale war, constrained by economic damage and domestic politics.

Or

US/Israel resume strikes on Iranian infrastructure. Iran responds by launching missile strikes on GCC infrastructure and blocking Hormuz. The US is forced to choose between a full land campaign (deeply unpopular domestically) or continuing a high-cost, long-term aerial campaign without any victory marker. Probability is less as both sides look forward to an exit option.

Scenario C (Regime Collapse)

A combination of leadership decapitation, economic collapse and military degradation triggers a fracture within the IRGC or between the IRGC and the clerical establishment. Probability is lower in the short term but may unfold in the long term once the current sentiment ebbs and the harsh realities of food, water and medicine shortages stare a common Iranian on the street.

Scenario D (Ceasefire talks drag on for months)

Ceasefire is repeatedly extended. Hormuz partially reopens under firm Iranian control; oil prices stabilise but remain elevated. No permanent deal reached. The war enters a ‘cold’ phase with sporadic proxy strikes, covert operations and cyber warfare. Iran uses the pause to reconstitute capabilities. Both sides claim a ‘win’ domestically. The probability is high as it suits the political narrative on both sides.

Going Forward

Global Ramifications

Irrespective of any outcome, the effect of this war is not restricted to military operations alone, and its reverberations will sound for decades to come, at least for

5. Graeme Herd, “[Four Alternative End States in Iran – the Only Good One Becomes Unlikely](#)”, RUSI, 1 April 2026.

the US, Israel and Gulf countries. The resulting global tumult is only beginning to unfold and may reset the world order.⁶

The ruptures in both transatlantic and transpacific alliances/treaties led by the US are evident and likely to widen, as the US has cited a lack of military assistance from ‘friendly’ countries during the conflict. The lines are deeply drawn as countries like Spain and Italy, besides deploring unilateral military action by the US/Israel outside any international framework, have also denied any passive basing/logistic arrangements for operations.

On the other hand, the US’s principal adversaries, Russia and China, are closely observing developments, as the conflict has exposed the limitations of US military power without allied support. The precedent for Ukraine or Taiwan is established. Erosion of dollar centrality by settling oil bills in yuan has begun,⁷ provision of Beidou satellite capabilities and AD weapon systems to Iran allows reading of US military operations to the Chinese, availability of funds from ‘unsanctioned’ Russian oil is now enabling the war effort against Ukraine, besides depletion and diversion of critical resources of the US, thus tilting the balance towards Russian domination.⁸ Simultaneously, the cost of regaining balance in the Indo-Pacific will go up manifold as the US recoups its munitions and equipment losses.

Regional Security Calculus

A recuperating Iran emerges as not only more anti-US and Israel but also increasingly wary of Arab monarchies in the region. Iran's military capabilities are diminished for now, but it will establish full control over the straits, an uneasy arrangement for the oil and gas-producing countries in the region. The resolve to develop nuclear weapons is stronger than before. For Israel, the threat has only added a geopolitical dimension to its existential one, as it finds little global support for war against Iran and even for its actions in Gaza and Lebanon. Barring any widespread support, the conflict is likely to increase its dependence on Washington and may further shrink its negotiating space, even in bilateral relations. Meanwhile, the Iranian proxy threat will persist on its borders.

6. Harsh V. Pant, “[The US-Iran War: How It is Redefining the Global Order](#)”, Observer Research Foundation, 6 April 2026.

7. Ibid.

8. Kimberly Donovan, “[Twenty Questions \(and Expert Answers\) About the Iran War](#)”, Atlantic Council, 11 March 2026.

For the Gulf countries, the conflict may nudge them to review their security dependency on Washington. The increased vulnerability due to the presence of US military bases may require a review of the current security architecture and an increased defence spending, signalling a race to militarisation and possible nuclearisation of the region. On the economic front, in addition to an estimated loss of up to US\$ 200 billion in the oil industry, the region also attracts a significant share of investment in the non-oil sector, which may see reduced inflows due to ongoing uncertainty and a persistent Iranian threat.

Geo-economic Upheaval

The targeted attacks on oil production centres and the closure of the Strait of Hormuz have resulted in a spike in international oil prices to US\$ 114 per barrel from US\$ 65 before the war. About 20 per cent of global seaborne crude oil and liquefied natural gas (LNG) move through this chokepoint. In addition to oil, global dependency of 52 per cent to 86 per cent exists on this region for Urea, Sulphur, DAP, Ammonia, TSP, MAP and Ammonia gas, comprising 25 per cent of the component structure of fertilisers,⁹ shortage of which will, in turn, cause a major upheaval in food security of countries around the world.

The most significant effect will be felt by the electronics, medical and space industries, as 35–40 per cent of the global requirement for Helium is produced by Ras Laffan in Qatar, which is a critical component in manufacturing semiconductors, weapon-grade electronics and MRI machines. As major Asian economies such as India, Japan and South Korea face supply constraints and the EU grapples with renewed stagflationary pressures, the ripple effects extend beyond the energy sector. Rising fuel costs, supply chain disruptions and tightening financial conditions will gradually weigh on the domestic growth story.¹⁰ The opening of the Strait of Hormuz is more critical than ever before, as a prolonged conflict, even at low thresholds, will threaten global economic stability and initiate a socio-humanitarian crisis across the globe.

In conclusion, as both sides sit across the table for possible settlement of the conflict, the challenges of low trust levels, Israel’s operations in Gaza, Lebanon and the persistent presence of US forces in the region will continue to overshadow the outcome of the process.

9. Michael Werz, “[How the Iran War Ignited a Geoeconomic Firestorm](#)”, Council on Foreign Relations (CFR), 17 March 2026.

10. Harsh V. Pant, “[The US-Iran War: How It is Redefining the Global Order](#)”, no. 6.

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