

Raising energy buys from US hinges on prices: Analysts

Experts say US grades face logistical, economic, and compatibility challenges with Indian refinery configurations

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India's ambition of increasing energy purchases from the US would hinge on economics as refiners incur higher freight costs compared to other geographies, industry executives and analysts told *Business Standard*. On October 15, India's Commerce Secretary Rajesh Agarwal said the country has headroom for additional \$12-13 billion energy purchases from the US, in addition to the current \$12-13 billion energy trade.

One of India's top state-run refineries said it can further increase crude oil imports from the US to 10-15 per cent, given prices are favourable. "Bharat Petroleum Corporation Ltd (BPCL) currently imports 10-12 per cent of its crude oil from the US. We have a swing of 10-15 per cent. Increasing imports from the US will depend on WTI (West Texas Intermediate) prices; it is a commercial decision," said Vetsa Ramakrishna Gupta, director-finance, BPCL.

Indian refiners face higher freight costs in buying energy from the US as shipment takes 45-50 days to reach the country's shores, as compared to an average of 7-8 days from West Asia, and 30-45

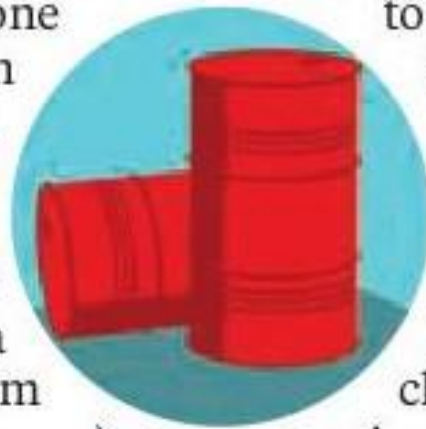
Some Indian refiners to move away from Russian oil

Some Indian refiners are preparing to cut Russian oil imports, three sources told *Reuters* on Thursday, after US President Donald Trump said India had given an assurance it would stop its buying to help end the war in Ukraine.

India and China are the biggest buyers of Russian sea-borne crude, taking advantage of discounted prices Russia was forced to offer after losing sales to Europe following Moscow's invasion of Ukraine in 2022. Indian refiners are preparing to shift away from Russian oil, with a drop in purchases possible from December given orders for November have already been placed, the sources with knowledge of the matter said. Refiners have not been formally told by the government to stop buying Russian oil, said the sources, who declined to be identified as they are not authorised to speak to media.

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days from Russia. Meanwhile, Indian refineries are also configured to process more of high-sulphur crude oil as compared to the low-sulphur one from the US. Despite limited upside in ramping up crude oil imports from the US, experts believe an increase in energy trade with America would also rely on higher intake of liquefied natural gas (LNG) due to better market prices. "If India decides to increase energy purchases from the US, LNG or LPG (liquefied petroleum gas) would be the most preferable option, given their



stronger upside compared to crude oil. While US crude oil imports are already rising, India's ability to significantly ramp them up remains structurally capped at 400-500 thousand barrels per day (kbpd)," said Sumit Ritolia, lead research analyst-refining & modelling at Kpler.

He added that the US grades face logistical, economic, and compatibility challenges with Indian refinery configurations, making a material swing toward American crude oil unlikely. Kpler data shows that India's

crude oil imports from the US jumped significantly to 655 kbpd in the first 15 days of October, compared to 207 kbpd in September (full month).

The country's strategy of increasing energy supplies from the US also rests on India looking at diversifying sources to shield itself from geopolitical shocks. India currently imports crude oil from 40 countries, compared to 27 nations in 2007.

"Crude oil supplies from the US were just 4 per cent of India's total crude oil imports in 2024-25 (FY25). These supplies can be increased as India diversifies its crude basket, which would also enable reduction of trade deficit that the US has with India," said Prashant Vasisht, senior vice-president and co-group head, corporate ratings, at ICRA. Besides crude oil, several Indian companies are also exploring LNG deals with US companies as Henry Hub-based LNG is cheaper than other sources in the market, said Vasisht.

Meanwhile, US President Donald Trump on Thursday (October 16) said Prime Minister Narendra Modi has agreed to stop buying Russian oil. Hours later, India's Ministry of External Affairs (MEA) said the country is a large importer of energy and would prioritise consumer interest to ensure stable energy prices and secured supplies.