

# + After EU sanctions, Trump's penalties further compound India's energy security

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US President Donald Trump's announcement on Wednesday over imposing an undisclosed penalty on crude oil purchases from Russia jeopardises energy security for India.

Top sources said theoretically the "tariff-cum-rhetoric" by Trump coupled with European Union's (EU's) 18<sup>th</sup> sanctions package on Russia threatens as much as 35-36 per cent of India's annual crude oil imports. A short-term alternative to rebalance this volume (around 1.5-2 million barrels per day) is "a difficult ask".

## **RUSSIAN OIL**

For comparison, Russian crude, which accounted for 2 per cent of India's oil intake in FY20, now makes up over one-third. The value of these



imports surged at a 96 per cent CAGR over the past five years, said Rubix Data Sciences. "We have been rebalancing energy purchases from the US by buying crude and gas. They (the US) are putting pressure, even with that bill by the Senator (Lindsey Graham). This is a critical time, but India will keep its long term interests in view while navigating this crisis," a top government official said.

Another official source said this is a tariff, not a sanction on India's Russian oil

purchases, but the "rhetoric" also links India's defence imports indicating that the "strategic landscape is shifting". The scenario is evolving rapidly and how this unfolds over the next few weeks will be "crucial".

"What really matters now is how Indian refiners respond if things escalate further, especially in case secondary sanctions do materialise. The real economic impact will hinge on their ability to rebalance crude oil sourcing, protect access to global financial & shipping infrastructure and optimise trade flows via operational flexibility," an official with a domestic refiner said.

Prashant Vasisht, ICRA's Senior VP & Co-Group Head Corporate Ratings, told *businessline* that a \$10 per barrel increase in crude oil prices would inflate the oil import bill by about \$13-14 billion.

India's crude oil import bill stood at around \$137 billion in FY25.

Vasisht explained that the potential impact of cutting off of Russian oil from global markets would lead to a significant increase in oil prices as Russian oil exports account for 7 per cent of the global liquids consumption.

"A significant spike in crude prices could lead to higher crude import bill and under recoveries on sale of liquefied petroleum gas (LPG), petrol and diesel for the oil marketing companies (OMCs)," he said.

Another analyst said that the market is debating whether Trump's threats are "for real" or is just "another rhetoric". However, some buyers such as India and China could go for "last minute shopping", which could see some uptick in oil prices. It's "wait and watch" for now.