

Crude's new course to hit import bill

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NEW DELHI HAS committed to large-scale purchases of American energy products over the next five years as per the interim trade framework with the United States, a move that is set to reshape its energy import strategy.

India will import \$500 billion worth of US energy products and other strategic goods, even as recent data show a gradual shift in crude sourcing patterns.

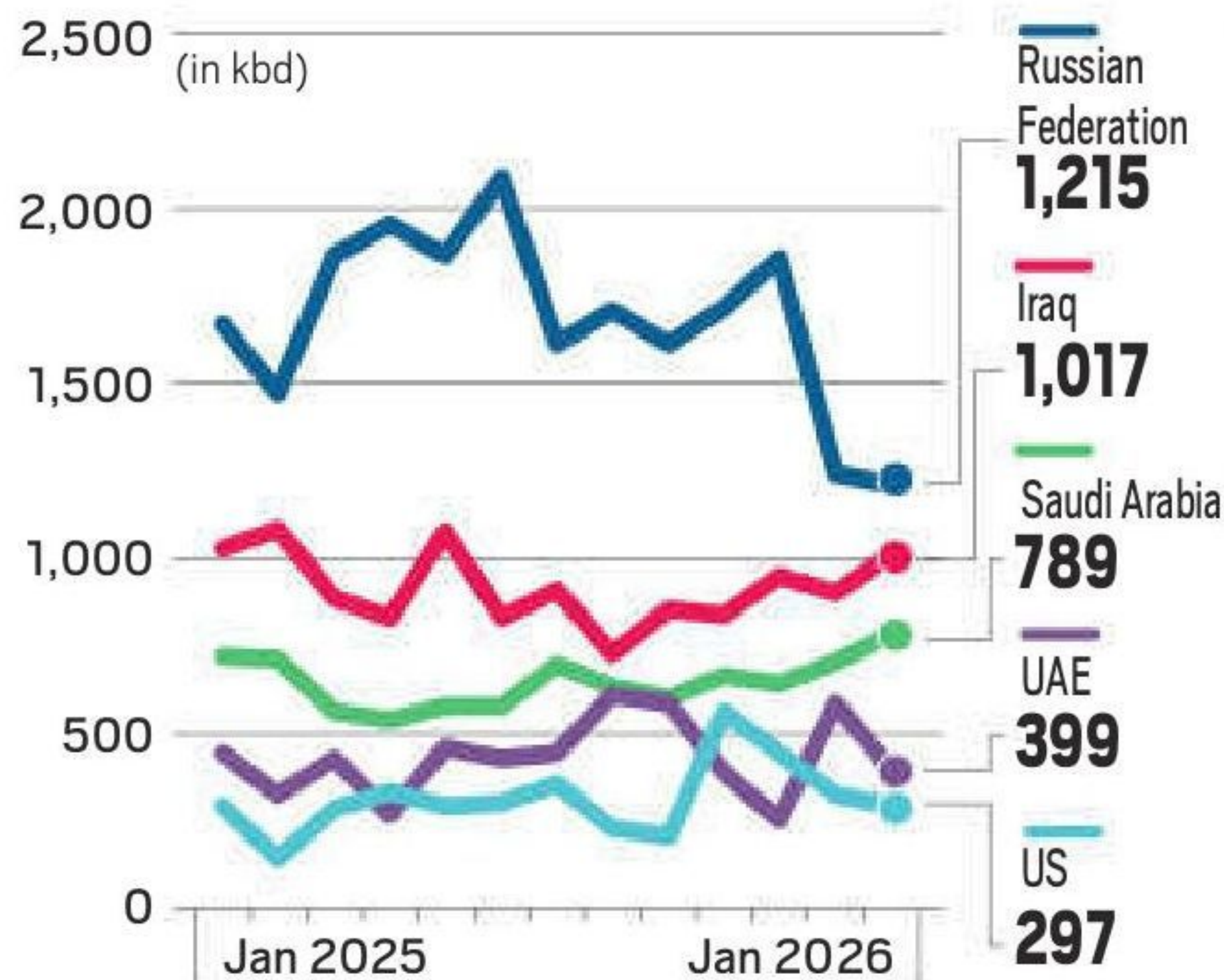
Trade data suggest India's oil import mix has already begun to change. According to Icria, the shift would lift the country's oil import bill by less than 2%, or around \$2.7 billion annually.

Crude supplies from Russia in December 2025 were nearly 27% lower than in November and more than 15% below the year-ago period, though Russia remained the country's largest supplier.

Energy market analysts said India's shift away from Russian crude is already reshaping regional oil flows and pricing. "A gradual phase-out will push India towards Middle Eastern and some US barrels, firming Dubai benchmarks and narrowing the Brent-Dubai spread while pressuring Russian differentials as displaced volumes move into China," said Zhuwei Wang of S&P Global Energy.

"Flows are rotating rather than stopping abruptly," he said, noting that India cut Russian crude imports by about 70% in January

ENERGY SHIFT



while increasing intake from the Middle East, West Africa and the US. Wang added that lighter US grades cannot fully replace Urals crude and limited Venezuelan supply will likely push India to secure more Middle Eastern barrels, while European refinery maintenance could cap Brent prices.

Russia accounted for 24% of India's \$11.4 billion crude imports in December, followed by Iraq, Saudi Arabia, the UAE and the US. For April-December FY26, Russia's share declined to 31.5% of India's \$105.1 billion crude imports, compared with 36.5% in the corresponding period last year. During the same period, US crude shipments to India rose to \$8.2 billion, up nearly 8%.

Suresh Nair, tax partner at EY India said the interim framework itself does not change tariffs on energy imports. "On the energy side, the agreement doesn't alter duties on oil or energy imports directly, but India's stated intent to purchase \$500 billion worth of US energy products over the next five years should lead to larger and steadier volumes coming in, which could help stabilise supply and support more competitive pricing in the longer term," he said.

Shipping analytics firm Kpler estimates the impact could be \$3-4 billion a year if around 1.8 million barrels per day of volumes are displaced at modest premiums.