

India's oil lobby is funding Putin's war — that has to stop

Peter
Navarro

Here's how the India-Russia oil mathematics works. American consumers buy Indian goods. India uses those dollars to buy discounted Russian crude. That Russian crude is refined and resold around the world by Indian profiteers in league with silent Russian partners — while Russia pockets hard currency to fund its war machine in Ukraine.

As Russia continues to hammer Ukraine, helped by India's financial support, American (and European) taxpayers are then forced to spend tens of billions more to help Ukraine's defence. Meanwhile, India keeps slamming the door on American exports through high tariffs and trade barriers. More than 300,000 soldiers and civilians have been killed, while Nato's eastern flank grows more exposed and the west foots the bill for India's oil laundering.

India imposes some of the highest average tariffs in the world, along with a dense web of non-tariff barriers that punish American workers and businesses. As a result, the US runs a massive trade deficit with India — nearing \$50bn annually. And here's the kicker: India is using those US trade dollars to buy Russian oil.

Importantly, before Russia invaded Ukraine in February 2022, Russian oil made up less than 1 per cent of India's crude imports. Since then, daily imports have soared to more than 1.5mn barrels — more than 30 per cent of India's total.

To be clear, this surge has not been driven by domestic oil consumption needs. Rather, what really drives this

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trade — profiting by India's Big Oil lobby. Refining companies have turned India into a massive refining hub for discounted Russian crude.

The refiners buy oil at a steep discount, process it, and then export refined fuels to Europe, Africa, and Asia — all the while shielding India from sanctions scrutiny under the pretence of neutrality.

The refining trade is large — India exports more than a million barrels per day in refined petroleum products, equivalent to over half the volume of crude it imports from Russia. The proceeds flow to India's politically connected energy titans, and in turn, into Vladimir Putin's war chest.

India's dependence on Russian crude is opportunistic and deeply corrosive of the world's efforts to isolate Putin's war economy. In effect, India acts as a global clearinghouse for Russian oil, converting embargoed crude into high-value exports while giving Moscow the dollars it needs.

Meanwhile, India continues to rely heavily on Russian military hardware, with Russia supplying roughly 36 per cent of India's total arms imports between 2020 and 2024. While India has increasingly turned to the US, France and Israel to meet its defence needs, those deals often come with strings attached.

For example, India has routinely demanded that US companies transfer sensitive military technology and build factories on Indian soil as a condition of sale. That blunts any benefit to reducing America's trade balance while it also risks transferring cutting-edge US military capabilities to an India now cozying up to both Russia and China.

The Biden administration largely looked the other way at this strategic and geopolitical madness. The Trump administration is confronting it. A recent executive order issued by the president will impose a 25 per cent national security tariff on Indian goods to address the threat posed by India's continued importation of Russian oil. This new tariff is in addition to the 25 per cent reciprocal tariff already in place.

This two-pronged policy will hit India where it hurts — its access to US markets — even as it seeks to cut off the financial lifeline it has extended to Russia's war effort. If India wants to be treated as a strategic partner of the US, it needs to start acting like one.

The writer is the White House counsellor for trade and manufacturing