

Oil US lets India buy Russian crude to keep supplies flowing

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The US is temporarily allowing India to buy Russian oil stuck at sea in an effort to keep supplies flowing and temper further price increases.

The US treasury secretary, Scott Bessent, said the measure would “alleviate pressure caused by Iran’s attempt to take global energy hostage”. He added: “This deliberately short-term measure

will not provide significant financial benefit to the Russian government as it only authorises transactions involving oil already stranded at sea.”

Bessent said he expected that India would buy more US oil after the 30-day waiver ended.

The US president, Donald Trump, imposed an additional 25% import tariff on India in August, arguing that its oil purchases from Russia were undermining US sanctions and helping Vladimir Putin bankroll his war.

The Kremlin spokesperson, Dmitry

Peskov, told reporters yesterday that the war in Iran had fuelled demand for Russian energy products.

China imported record levels of Russian crude last month but some market observers have warned that Russia might not have the capacity to increase its output.

Iran’s effective blockade on the strait of Hormuz after last weekend’s strikes by the US and Israel has ignited fears of energy supply shortages around the globe.

Qatar’s energy minister said yesterday that the escalating regional conflict could “bring down the economies of the world” through a surge in energy costs.

Saad al-Kaabi told the Financial Times that Gulf energy exporters

would be forced to shut down oil and gas production within days, which could drive oil to \$150 (£112) a barrel.

He said that even if the war ended now it would take Qatar “weeks to months” to resume normal deliveries after an Iranian drone strike at its largest liquefied fossil gas plant, a key source for European buyers.

Kuwait has reportedly begun cutting production at some oilfields, helping push the price of oil up 5% to above \$90 a barrel yesterday.

Indian refiners are buying millions of barrels of Russian crude as India seeks to navigate a supply crunch triggered by the conflict.

“The [US] measure is aimed at Russian oil that is already stranded at sea, so should be viewed as more

of a short-term relief for Asian refiners,” analysts at Deutsche Bank said.

Global Witness accused the White House of helping to “fuel Putin’s war machine” and claimed that it “effectively sacrifices the people of Ukraine to combat an oil price crisis that the US and Israel have, themselves, triggered”.

The campaign group’s chief executive, Mike Davis, said: “After five years of war, countries should be coming together to end the bloodshed, not inflating Putin’s war chest. It is time for peace.”

India was the top buyer of Russian seaborne crude after Moscow’s 2022 Ukraine invasion but in January its refiners started to reduce purchases under pressure from Washington.