

U.S. MOVE ON RUSSIAN OIL PUTS INDIA IN TIGHT SPOT

Diplomatic posture of New Delhi tested as Washington allows it to bring in cargoes already on way, but demands it buy more from America in return

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India received some welcome news last week about its energy supply when the United States granted a waiver allowing refiners to receive cargoes of Russian oil already paid for and loaded but stranded due to the disruptions caused by the war on Iran.

For a country that imports roughly 90 per cent of the crude oil it needs, the exemption offered a measure of relief. Yet it also showed how far Washington's reach extends into New Delhi's energy decisions.

"India and Russia are sovereign states, and their bilateral energy trade does not fall under US jurisdiction," said former Indian trade negotiator Ajay Srivastava, founder of the Global Trade Research Initiative, a Delhi-based think tank.

"With supply risks rising and stocks thin, India must consider regular imports of Russian oil rather than relying on narrow waivers."

US Treasury Secretary Scott Bessent, announcing the 30-day waiver on social media, pointedly described it as "a deliberately short-term measure" that would not deliver meaningful revenue to Moscow, applying only to oil that had already departed Russian ports.

He also used the occasion to signal what he expected in return.

"India is an essential partner of the United States," Bessent wrote. "And we fully anticipate that New

Delhi will ramp up purchases of US oil."

That language was not lost on analysts, nor was the measure's limited scope.

"In practice, the waiver covers only a small and temporary volume of shipments," Srivastava said. "The quantity of such oil still afloat is likely limited, offering little real relief to India's refiners or its energy security."



The US announcement of a waiver is a significant attack on any Indian posture or strategic autonomy

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India is highly exposed to volatility in the oil markets. More than 80 per cent of the country's crude oil and petroleum imports come from just two sources: West Asia, which accounted for about 49 per cent of supply last year, and Russia at around 31.5 per cent.

The near-closure of the Strait of Hormuz has choked oil imports, with knock-on effects for fuel prices, inflation and supply chains.

Washington's waiver may solve little while complicating much, according to Uday

Chandra, a professor of political science at Ashoka University.

Even if Russian crude flows resume, the discount has narrowed sharply from the steep reductions India enjoyed between 2022 and 2024.

"A 10 per cent reduction on Brent crude prices is what one can reasonably expect on Urals crude. This is still a substantial saving, but Brent crude is already higher ... and rising further," he said, referring to the global benchmark for oil prices.

"We should be cautious about how much relief will be felt on account of Russian oil in the next 30 days."

That would be true even if the waiver were extended, Chandra said. However, Chandra added, the deeper wound was diplomatic.

India has long prided itself on strategic autonomy: a doctrine of independent foreign policy inherited from the non-alignment era and updated for the multipolar world. That posture is now being put to the test in full public view.

"The US announcement of a waiver is a significant attack on any Indian posture or strategic autonomy," Chandra said. "That is drawing comment from the opposition and the wider public."

It is not the first time US President Donald Trump has put Delhi in an awkward position in his second term. His claim last May to have personally brokered an end to India-Pakistan border clashes forced a succession of tight-lipped Indian denials.

Delhi maintains that disputes with Islamabad are strictly bilateral matters.

"India appears in a situation similar to other US allies in Canada and the EU who have handled Trump carefully to avoid a major rupture in foreign relations," Chandra said.

US tariff pressure has already extracted concessions. Delhi said it would scale back Russian oil purchases this year after the Trump administration threatened punitive tariffs of 50 per cent on Indian goods as part of ongoing trade negotiations.

Despite this, Russian oil is likely to remain a key part of India's crude oil diet, according to Pankaj Srivastava, senior vice-president for oil commodity markets at Rystad Energy.

"India has never categorically stated that it would completely stop importing Russian crude, particularly since Nayara refinery is currently processing only Russian grades," he said, referring to India's second-largest single-site refinery in the western state of Gujarat.

Many Indian refiners are configured for medium-sour grades – crude that is moderately thick with relatively high sulphur content – and Russian oil fits that specification well. That kind of structural dependency does not dissolve because of a trade agreement.

Srivastava also pointed to a further wrinkle working in India's favour: a US Supreme Court ruling last month that struck down a broad tranche of Trump's tariffs.

"With the recent US court ruling against the tariffs, the probability of Indian refiners processing Russian crude has increased significantly," he said.