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Premium

Surge in oil imports from Russia, sharp dip from Nigeria, US

Overall imports up 6.8% over last yr; steady supply from Iraq, Saudi, UAE

Written by Sukalp Sharma

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Over April-November, crude oil imports from Russia jumped by 24.89 million tonnes year over year to

28.13 million tonnes, a staggering seven-fold.

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With Indian refiners snapping up discounted Russian crude supplies sanctioned by Western buyers in the aftermath of Moscow's February invasion of Ukraine, some of the inflows are at the expense of supplies that were coming in from Nigeria and the United States, shows an analysis of India's trade data for the first eight months of the current fiscal year.

Over April-November, crude oil imports from Russia jumped by 24.89 million tonnes year over year to 28.13 million tonnes, a staggering seven-fold.

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On the other hand, while nine supplying nations saw oil supplies to India fall by around 1 million tonnes or more, Nigeria and the US topped the list, with supply volumes falling by 4.88 million tonnes and 3.79 million tonnes over this period, respectively.

On the other hand, India's big three West Asian oil suppliers, Iraq, Saudi Arabia, and the UAE, did not see their oil shipments fall significantly.

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Of the three, only Iraq's oil supplies declined during the period by 1.48 million tonnes, or 4.1%. Oil supplies from Saudi Arabia and the UAE to India increased in April-November. In all, India's oil imports for the period rose 6.8% year on year to 151.39 million tonnes.

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Over April-November, supplies to India from Nigeria, a member of major oil exporters' cartel OPEC, nearly halved year on year to 5.26 million tonnes. Oil imports from the US declined 31.1% to 8.38 million tonnes.

Next on the list was Egypt, which saw oil supplies to India contract by almost 2 million tonnes year on year to 0.71 million tonnes.

Kuwait, Iraq, Mexico, Colombia, Gabon, and Brazil were the other countries whose oil supply to India declined by about 1 million tonnes or more on a year-on-year basis during the period under consideration.

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The analysis is based on country-wise import data released by the commerce ministry for harmonised system code — or HS code – 2709, which subsumes 'Petroleum oil and oils obtained from bituminous minerals, crude'.

Country-wise and commodity-wise import data is released with a lag and the government has so far released this data only until November.

India, the world's third-largest user of crude oil, depends on imports to meet over 85 per cent of its oil needs. With a growing number of Western buyers cutting oil imports from Russia due to the war in Ukraine, Moscow has been offering significant discounts to interested buyers.

Moscow's share in India's oil imports in April-November was 18.6%, up from a minuscule 2.3% in the year-ago period, data showed. For the eight-month period, Russia displaced major suppliers like Saudi Arabia and the UAE to emerge as the second-biggest source of crude for India, and within sniffing distance of top supplier Iraq.

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In November, however, Russia was the top supplier with its barrels accounting for almost 24% of India's oil imports of 19.38 million tonnes, significantly up from 1.5%

in November 2021.

In the case of Nigeria and the US, a few additional factors also appear to have played a role in the fall in oil supply to India, as per industry watchers. Nigeria has been struggling with supply disruptions in the oil and gas sector due to numerous incidents of oil theft, pipeline vandalism, crumbling infrastructure, and maintenance shutdowns. US, too, saw some disruptions, particularly weather-related supply interruptions in the critical Gulf of Mexico region.

Besides supply disruptions, the relatively higher cost of freight and insurance, and changes in global oil supply dynamics appear to have been key factors, particularly in case of suppliers in the Americas—the US, Mexico, Colombia, and Brazil.

“The ultimate economics of oil determines the purchases by refiners. It includes price of crude, cost of freight, and gross product value or product slate of that grade of crude. Freight is a key component and as the US and other suppliers in North and South America are farther away than other major oil suppliers, it might have been a factor,” a senior oil industry executive said.

Meanwhile, the US massively increased oil exports to Europe over the past few months to replace the missing Russian barrels. Other major suppliers like Mexico and Colombia, too, have reportedly increased oil exports to Europe.

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