

India-Europe Energy Dynamics - India's Rising Diesel Exports to Europe Amid EU's Upcoming Ban on Russian Crude Products

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India-Europe Energy Dynamics Latest News

- The European Union (EU) plans to ban imports of fuels refined from Russian crude starting January 21, 2026.
- **Europe is stockpiling petroleum products**, particularly diesel, ahead of the ban.
- Amid this scenario, India has become **a major swing supplier of petroleum products to Europe**, bringing a fresh perspective to the India-Europe energy dynamics.

India's Petroleum Exports to Europe

- **Role in India's economy:**
 - India's petroleum industry is **a key driver of foreign exchange earnings** and global trade presence.

- Exports to Europe, a market with high energy demand and stringent quality standards, **strengthen India's position as a reliable global energy supplier.**

- **Export volumes and revenue:**

- Petroleum exports to Europe in April-January 2024 valued at **\$18.4 billion.**
- **July 2024:** Exports rose 26%, reaching 266,000 barrels/day (bpd).
 - **Major products:** Diesel (238,000 bpd) and aviation fuel (81,000 bpd) exports.
- **Historical growth:** Between 2018-19 and 2023-24, petroleum exports to Europe surged by over 253,000% in volume and nearly 250% in value, reflecting Europe's dependence on Indian refined fuels.
- **Global export comparison:** Top global petroleum exporters – Saudi Arabia (16.2%), Russia (9.14%), Canada (8.48%), while India has carved a growing niche through refined product exports.

- **Types of exports:**

- **Crude oil derivatives** – Diesel, gasoline, naphtha, kerosene, fuel oil.
- **Refined petroleum products** – Aviation turbine fuel (ATF), industrial fuels.
- **Petrochemicals** – Polypropylene, polyethylene, and polymers for manufacturing.

- **Strategic importance:**

- Europe's steady energy demand and India's advanced refining capacity provide **mutual benefits.**
- The trend underscores India's growing role in global energy trade, while exporters can leverage logistics solutions to expand further.

India-Europe Energy Dynamics

- **India's diesel exports to Europe:**

- It jumped to around **260,000 barrels per day (bpd)** in August 2025, up nearly 63% over July 2025 and 103% over August of last year (according to Kpler).
- India's total petroleum product exports to Europe in August jumped 41% month-on-month to nearly 399,000 bpd.

- **Largest exporter:** All of India's diesel exports to Europe in August were from Reliance Industries (**RIL**), the country's largest private sector refiner and petroleum product exporter.

Drivers of Export Growth

- **EU stockpiling** ahead of the 2026 sanctions.
- **Advancing of maintenance shutdown** of Shell's Pernis refinery in the Netherlands from 2026.
 - This is as part of Europe's strategy to make sure its own refineries are not hampered by turnaround schedules once the January 2026 ban goes into force.
- **West Asia refinery maintenance** expected in late 2025, reducing supplies to Europe.
- **India's role as a swing supplier** of middle distillates (diesel, jet fuel, kerosene).

Geopolitical Dimensions

- **Western concerns:** US and Western allies allege India is profiteering by refining discounted Russian crude and exporting products to Europe.
- **India rejects allegations, emphasizing:**
 - Import of Russian crude is legal.
 - Export of refined fuels is within global trade norms.
 - Countries objecting can stop importing from India.

EU Ban on Russian-Origin Fuels

- The EU had already **banned direct imports** of Russian petroleum products in February **2023**.
- From January **2026**, the **ban** extends to fuels refined from Russian crude, **even if processed in third countries**.
 - **Exemptions:** Canada, Norway, Switzerland, UK, and US.

Challenges and Uncertainties

- **Enforcement issues:**
 - Refineries process mixed crude baskets (60–70% non-Russian in India).
 - Difficult to differentiate refined fuels from Russian vs. non-Russian crude.
 - RIL operates two separate refining systems, aiding compliance flexibility.
- **Impact on India:** If Europe halts imports from India –
 - Impact may be transitory.
 - India can divert exports to other markets.
 - Global fuel flows would adjust (e.g., Europe sourcing more from West Asia, India shifting to markets served by West Asia).

Conclusion

- **India's growing role as a swing supplier** of petroleum products positions it as a critical player in Europe's energy security and India-Europe energy dynamics during the transition away from Russian crude.
- Going forward, India must leverage this opportunity to strengthen its global energy trade while **preparing for policy shifts** like the 2026 EU ban through **market diversification and diplomatic engagement**.

Source: **IE**

Source: <https://vajiramandravi.com/current-affairs/indias-rising-diesel-exports-to-europe-amid-eu-upcoming-ban-on-russian-crude/>
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