

Russian Oil Waiver Extended: How Russian Oil Waiver Boosts India's Energy Security

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Russian Oil Waiver Latest News

- The United States has reversed its earlier stance and **extended the sanctions waiver for Russian crude purchases till May 16**, allowing countries like India to continue importing Russian oil despite sanctions.
- The extension enables India to continue large-scale imports of discounted Russian crude, which is crucial given supply disruptions from West Asia. It helps maintain stable energy availability and pricing.

Impact of West Asia Supply Disruptions

- Ongoing tensions in West Asia, including disruptions around the Strait of Hormuz, have constrained oil flows.
- Even with a fragile easing of tensions, recovery in supply is expected to take time, keeping global markets tight.
- India is likely to continue relying on Russian crude as a major source, especially as alternatives remain uncertain. The waiver ensures uninterrupted access to non-West Asian oil supplies.

- Without the extension:
 - Indian refiners would face **secondary sanctions risks** from the US
 - They would be unable to deal with **sanctioned Russian suppliers or tankers**
 - This could have **reduced imports and increased costs**
- As the world's third-largest oil consumer, importing over 88% of its crude needs, India benefits significantly from the waiver, which supports energy security, price stability, and supply diversification.

US Reversal on Russian Oil Waiver: Context and Implications

- The United States has extended the sanctions waiver on Russian oil. The waiver allows countries to import Russian crude loaded on tankers—including sanctioned vessels.
- This reverses an earlier statement by US officials that the waiver would not be renewed.
- Washington's U-turn reflects evolving geopolitical and economic considerations.
- The waiver extension comes amid **disruptions in global oil supplies** due to the West Asia conflict and reduced vessel movement through the Strait of Hormuz. The move aims to increase oil availability in global markets and stabilise prices.

Strategic Motives Behind the Decision

- The policy shift is seen as part of efforts by the administration of Donald Trump to:
 - Prevent a spike in international oil prices
 - Avoid a rise in domestic fuel costs in the US
 - Manage economic pressures ahead of upcoming elections

Criticism and Controversy

- The waiver has faced criticism within the US:
 - Critics argue it provides financial gains to Russia, potentially supporting its war efforts in Ukraine.
 - Similar concerns have been raised regarding the waiver on Iranian oil.

Wider Policy Implications

- The Russian oil waiver was initially issued for India and later extended globally.
- With a similar waiver for Iranian oil nearing expiry, there is uncertainty about whether Washington will adopt a similar extension.

US Waiver Extension: Strategic Gains for India's Oil Imports

- The extension of the US sanctions waiver on Russian crude has positioned India as a **major beneficiary**, enabling it to continue importing large volumes of discounted oil from Russia—one of its top suppliers.
- With a significant portion of India's oil imports—around **2.5-2.7 million barrels per day**—normally passing through the **Strait of Hormuz**, disruptions due to the West Asia conflict have severely constrained supplies. The waiver helps **offset these losses**.

- The waiver also **eases friction between India and the US** over India's purchases of Russian oil, especially amid ongoing trade negotiations and tariff-related discussions.

Operational Flexibility for Indian Refiners

- The waiver allows Indian refiners to:
 - Import crude via sanctioned tankers
 - Deal directly with sanctioned Russian firms like Rosneft and Lukoil
- This significantly reduces logistical and legal constraints.

Fluctuating Import Trends

- February: ~1 million bpd (decline due to sanctions pressure)
- March: ~2 million bpd (44.4% of total imports amid waiver and war)
- Early April: ~1.6 million bpd
- Despite fluctuations, Russia has remained India's largest crude supplier.

Strategic Energy Security

- As India imports over 88% of its crude oil needs, the waiver ensures:
 - Supply stability
 - Cost-effective sourcing
 - Continued diversification away from volatile West Asian supplies
- The waiver extension strengthens India's **energy security and bargaining position**, allowing it to navigate global supply disruptions while maintaining economic and strategic flexibility.

Source: IE | TP

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