

ASSESSING IMPACT OF TRUMP'S RECIPROCAL TARIFFS

Public sector oil, gas cos weigh term pacts; no formal talks yet

US push to sell more energy to India coincides with stable global crude, LNG prices

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Notwithstanding a recent uptick in the purchase of crude oil and natural gas from the US, officials from several public-sector energy companies said that any formal talks for potential long-term contracts remain some time away. While the presidential administration of Donald Trump is keen on India negotiating term contracts with US producers, both Indian oil-marketing companies (OMCs) and gas importers said they are still weighing their options.

A sudden push to raise energy imports from the US comes at a time when spot prices for liquefied natural gas (LNG) are set to begin falling soon due to new volumes coming online, while Brent crude prices hit a three-year low earlier in March owing to fears of an impending trade war hitting industrial demand. As a result, officials at state-run companies remain in a wait-and-watch mode.

“There has been an uptick in oil imports (from the US) in January, but that was due to the need for replacing lost Russian volumes. Spot buying of US crude will go up if the sanctions against Russia are not relaxed. But it would require more time to assess the situation before term contracts can be discussed,” a senior official at a public-sector refinery said.

Crude oil imports from the US jumped more than 3.2 times month-on-month to 279,000 barrels per day in January, data from



PORTS ABUZZ

Share of crude oil & LNG imports from the US were rising even before Trump 2.0

	Oil imports		LNG imports	
	From US (\$ bn)	Share of US in total imports (%)	From US (\$ bn)	Share of US in total imports (%)
2019-20	4.89	4.75	0.66	6.86
2020-21	5.37	9.02	1.1	14.08
2021-22	9.54	8.87	1.9	14.12
2022-23	10.18	6.27	1.88	11.02
2023-24*	5.02	3.6	1.41	10.5
2024-25 (Apr-Nov)	4.11	4.3	2.15	20.74

*Imports from all major sources fell due to heavy discounts on Russian crude
Source: Commerce department

commodity market analytics firm Kpler pointed out last week.

US crude imports had picked up during Trump's first stint in the White House as well, with the share of crude oil imports from the US rising to 9 per cent in 2020-21, up from 0.7 per cent in 2017-18, data shows. But Washington DC is keen to begin ramping up natural gas exports, and most of the official dialogue so far has focused on gas, a senior petroleum ministry official said. “They also want to export crude, but the priority so far has

been the quick capitalisation of American LNG assets. There is also an urgency to quickly finalise supply agreements, given that many producers are set to expand production,” he said.

The US is the largest LNG exporter worldwide, with shipments expected to double by the end of this decade. Data from the US Energy Information Administration (EIA) shows that LNG shipments to India began rising fast from early 2020 as the pandemic hit. Monthly traded vol-

umes had risen to a high of 28,259 million cubic feet (mcf) in May 2021 before falling. Volumes stood at 13,698 mcf as of October 2023, after which the EIA discontinued publishing monthly data.

Time-consuming

Officials said that talks on energy supply between individual companies are usually drawn out over a long period, despite the governments being favourable to each other. They pointed to India's biggest LNG importer, Petronet LNG, signing a preliminary deal to buy a \$2.5 billion stake in the US LNG firm Tellurian's project in Louisiana in return for gas supplies for 40 years in 2019. However, despite extending the negotiation period to finalise the deal, Petronet announced that the non-binding agreement to import 5 million tonnes (mt) a year of LNG had lapsed.

Past precedents have also shown the need to better map out possible exigencies, officials said.

State-owned GAIL (India) had, in December 2011, signed a 20-year sale and purchase agreement with US-based Cheniere Energy Partners for the supply of 3.5 mt of LNG annually, with deliveries commencing in 2017. Supplies began flowing in from 2018, but GAIL had reportedly sought the government's help in beginning dialogue to renegotiate the deal owing to a crash in LNG prices during the pandemic.

Currently, GAIL is keen on reviving its plans to acquire an LNG facility in the US.