

Muted impact seen on energy exports

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THE EXEMPTION OF US energy products from reciprocal tariffs comes as relief to the energy majors, with Indian exports of petroleum products likely to witness a muted impact, industry players say.

The industry believes that tariff announcements are unlikely to pose a threat to the Indian oil and gas sector, at least, in the near term.

“US' share in the Indian petroleum products export has been in the range of 6-8% over the last 2-3 years. This, coupled with the fact that petroleum products have been exempted from the recently announced tariffs, point towards a muted impact of these tariffs on Indian exports of petroleum products. Any change in the crude sourcing mix on account of these tariffs remains to be seen,” said Ankit Jain, vice president & sector head, corporate ratings, ICRA.

While the US imposed reciprocal tariffs of 27% on India, some goods, including energy and other certain minerals, have been exempted from the tariffs. The exemptions come as a relief to the energy markets which have been

OIL TURMOIL

Indian exports of petroleum products (in thousand barrels per day)

Mar 2024	91
Feb 2025	133
Mar 2025	62



US crude oil imports (thousand barrels per day)

Mar 2024	113
Feb 2025	145
Mar 2025	289

Source: Kpler

concerned about disruptions in flows and higher costs.

However, the tariffs, wherever applicable, might slow down the global economic activity, exerting downward pressure on crude oil prices. India, being one of the largest importers of crude oil, might stand to benefit from lower oil prices.

Furthermore, the announcement only increases the possibility of strengthening of energy trade between the two countries.