India Halts Russian Oil Purchases, Eyes Trade Concessions

India has reportedly paused its purchases of Russian crude oil on the spot market, a move that comes amid escalating trade tensions with the United States. Following the imposition of a 50% tariff on Indian exports by the U.S. President Donald Trump, Indian state-owned refiners are said to be shifting away from Russian supplies and looking for alternatives. This pause, which has not been officially mandated by the government, is seen as a strategic response to the tariffs and a potential olive branch in a new round of trade negotiations.

The recent tariff hike by the U.S. was a direct consequence of India's continued buying of Russian oil, which has provided a key source of revenue for Moscow. While India's Ministry of External Affairs has maintained that its oil purchases are a matter of national energy security, the economic pressure from the U.S. appears to be pushing for a change in strategy. The pause in Russian oil purchases, as reported by Bloomberg, affects spot market deals for the state-owned refiners Indian Oil Corporation, Bharat Petroleum, and Hindustan Petroleum. These companies are reportedly waiting for a clear directive from the government before making new deals for Russian crude.

Simultaneously, India is also reportedly considering offering concessions to the U.S. on agricultural and dairy products. This is a significant policy shift, as India has historically resisted opening these politically sensitive sectors to American imports to protect its vast population of small farmers. This willingness to consider concessions is seen as a tactical move to placate the

U.S. and potentially reverse the punishing tariffs. The upcoming trade talks between the two nations are expected to be a key venue for these discussions.

The pause on Russian oil, which has become a major supplier to India since 2022, could increase India's fuel bill. A State Bank of India analysis estimates that if India stops Russian crude imports for the rest of the current fiscal year, its oil import expenses could rise by as much as $9 billion. While the government has so far not given an official order to stop buying Russian crude, the actions of state refiners signal a clear shift. The outcome of these diplomatic and trade negotiations will be crucial in determining the future direction of India's energy and foreign policy.

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