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India First versus MAGA

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Global trading patterns have altered significantly over the past five years driven by Covid, the Ukraine war, and more recently the new tariff regime initiated by the Trump administration. In such a world, no country would want to be beholden to any one other country unless it had no other options open to it.

This past week has seen an attempt by the Trump administration to strongarm India into reducing, ideally stopping, its imports of Russian oil and increasing the imports of US produced oil. India has agreed to increase oil purchases from the US without hesitation as it provides another option for its energy-hungry large and growing economy (the IMF estimates that the Indian economy is growing at 6.2% in 2025 and will rank as the fourth largest economy in the world). Remember, India imports 90% of its oil and has a policy to diversify its own risk away from any one producer following various geopolitical events over the past few years.

In reality, between 2021 and 2024, India's oil import mix underwent a major transformation, primarily due to geopolitical factors, changing economics, and shifts in global supply routes.

In 2021, India's crude oil imports were dominated by Middle Eastern countries. Iraq, Saudi Arabia, and the United Arab Emirates (UAE) were the top suppliers, collectively accounting for more than 60% of India's oil imports. Russian crude represented less than 2% of India's total imports prior to early 2022. Imports from the United States were also present but made up a modest share.

The situation changed sharply after Russia's invasion of Ukraine in 2022. By 2023 and into 2024, Russia became India's single largest oil supplier. Russian oil, driven by discounted prices amid Western sanctions, surged to account for as much as 44% of India's crude oil imports by mid-2024, compared with under 2% in 2021. India imported a record 2.07 million barrels per day (b/d) of Russian crude in July 2024 alone. Russian oil imports rose from just 4.54 million tons in 2021 to 88.92 million tons in 2023.

Meanwhile, imports from the Middle East fell, with the region's share dropping from around 60% in 2021 to about 44% in 2023. The share of oil imported from the Commonwealth of Independent States (CIS), largely reflecting the inclusion of Russia, nearly doubled to 43% by 2024. Imports from the US increased too, reaching up to 8% of India's total crude imports by mid-2025, up from 3% a year earlier, thus indicating a diversification trend.

It will be interesting to see how the import mix changes in response to the tariffs imposed by the Trump administration. The data above just shows that India, as a fast-growing nation, is attractive to many exporters as it provides marginal demand that other mature economies do not. Prime Minister Modi has an India First policy which is now openly at odds with the MAGA movement in the US. We consider it unlikely that India will capitulate to US pressure as it is possibly the strongest global economy at present, but the punitive level of tariffs will affect exports to the US and a creative response from India is required.

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