

India's Petroleum Product Exports to Europe

India's petroleum product exports to Europe experienced a significant decline in January, reaching an 18-month low. The decrease was primarily attributed to the avoidance of the Suez Canal route due to security concerns in the Red Sea region. Notably, India's diesel exports to Europe plummeted from a record high in December to a mere fraction in January. This drastic reduction had a substantial impact on India's overall petroleum product exports to Europe, marking the lowest levels since July 2022.



Impact on Overall Petroleum Product Exports

1

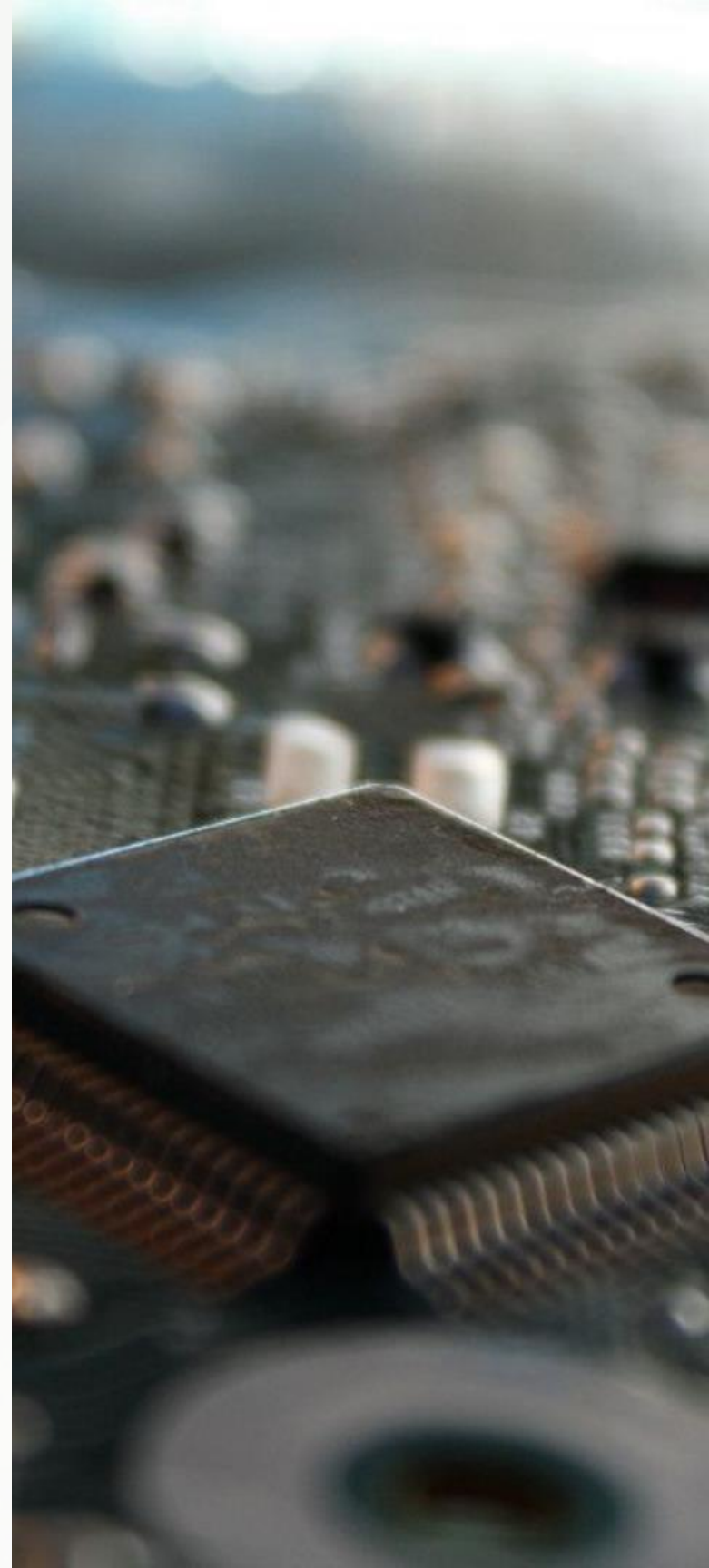
Decline in Exports

India's total petroleum product exports in January saw a nearly 18% decline from December levels, largely influenced by the Red Sea trade disruptions and robust domestic demand in India.

2

Shift in Export Destinations

Despite the challenges, the shipping data indicates that exporters redirected cargoes to various other geographies, resulting in a surge of petroleum product dispatches to countries such as Saudi Arabia, Australia, Indonesia, and others.



Security Concerns and Trade Routes

Red Sea Troubles

The security situation in the Red Sea region has led to major shipping lines and Western oil companies avoiding the route, opting for the longer journey around Africa via the Cape of Good Hope.

Impact on Global Trade

The higher risk premiums and longer voyages have significantly affected the movement of goods between Asia and Europe, as well as Asia and North America, resulting in notably higher freight rates.

Alternative Routes

Indian fuel exports to Europe are now taking the longer route around Africa, adding 15-20 days to the voyage, impacting the traditional trade flow between India and Europe.

Global Implications and Shifts in Trade Patterns

1 European Dependency on Russia
Europe's heavy reliance on Russia for energy imports has historically overshadowed India's role as a fuel supplier to the continent.

2 India's Emergence
Following Europe's avoidance of Russian crude oil and fuels, India emerged as the largest buyer of Russian seaborne crude and a significant fuel supplier to Europe.

3 Trade Disruptions
The prevailing crisis in the Red Sea region has disrupted the flow of Russian oil through the Suez Canal, impacting global trade patterns and energy supplies.





Challenges and Adaptations

Longer Voyages

The surge in freight rates and the closure of arbitrage opportunities have restricted long-haul flows to Europe, posing challenges for exporters and impacting delivery timelines.

Impact on Jet Fuel

The disruption in flows has particularly affected jet fuel exports, with a significant portion of exports now utilizing the longer route via the Cape of Good Hope.

Trade Disruptions Report

Kpler's detailed report highlighted the significant trade disruptions caused by the Red Sea crisis, impacting the movement of goods and energy supplies between Asia and Europe.



Global Energy Dynamics



Oil Tanker Routes

The redirection of oil tanker routes due to the Red Sea crisis has reshaped global energy dynamics, impacting the flow of crude oil and refined products.



Energy Supply Chains

The disruptions have highlighted vulnerabilities in global energy supply chains, prompting a reevaluation of trade routes and supply sources.



India's Energy Landscape

85%

3rd

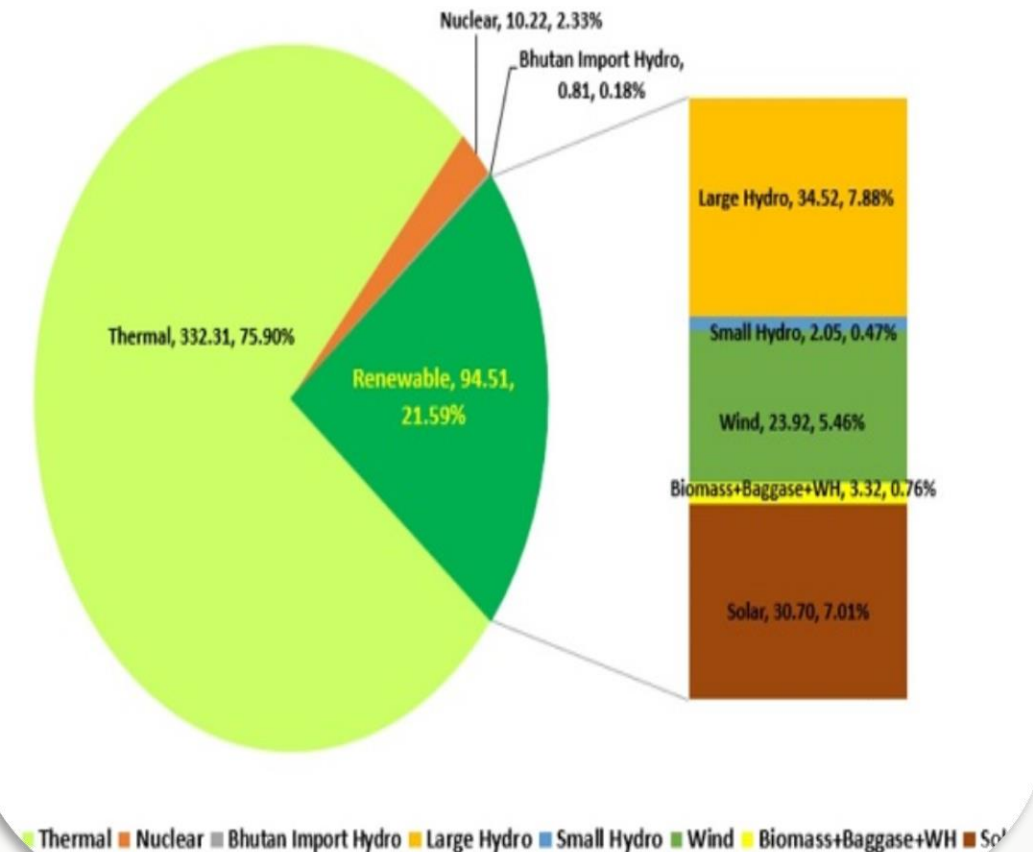
Import Dependency

India depends on imports to meet over 85% of its domestic crude oil requirement, highlighting its significant import dependency.

Global Consumer Ranking

India holds the position of the world's third-largest consumer of crude oil, emphasizing its substantial role in global energy consumption.

All India Cumulative Energy Generation (437.85 BU) (April- June 2023)





India's Role as a Net Exporter

1

Refining Capacity

India's refining capacity of around 5 million bpd positions it as a net exporter of petroleum products, despite its significant import dependency for crude oil.

2

Global Exporter Status

India's emergence as a net exporter of petroleum products underscores its growing influence in global energy trade and supply dynamics.