

INDIA MAY STORE CRUDE OIL IN US' STRATEGIC PETROLEUM RESERVES

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Such an arrangement, discussed at the second India-US strategic energy partnership ministerial on Friday will help India, the world's third largest oil importer to tackle emergency situations

India is exploring the possibility of storing crude oil in the Strategic Petroleum Reserve of the US as part of its energy security strategy.

Such an arrangement, which was discussed at the second India-US strategic energy partnership ministerial on Friday, will help India, the world's third-largest oil importer, to tackle emergency situations and help it tide over short-term supply disruptions.

"The sides signed a memorandum of understanding (MOU) to begin cooperation on Strategic Petroleum Reserves operation and maintenance, including exchange of information and best practices. They also discussed the possibility of India storing oil in the US Strategic Petroleum Reserve to increase their nation's strategic oil stockpile," the two countries said in a joint statement.

India will have oil reserves equivalent to at least 87 days of net imports, once the \$1.6 billion second phase of Indian Strategic Petroleum Reserves (ISPR) programme is operational. It aims to add 12 days of crude storage. These facilities together will help support 22 days of India's crude oil requirements.

Indian refiners also maintain 65 days of storage, taking the tally to 87 days.

In comparison, the International Energy Agency (IEA) countries hold 1.55 billion barrels of public emergency oil stocks. In addition, 650 million barrels are held by industry under government obligation, and is released as needed.

India has an existing storage capacity of 5.3 million tonnes —Visakhapatnam (1.33 mt), Mangaluru (1.5 mt) and Padur (2.5 mt)—which were built with an investment of \$600 million in the first phase. This is operational and can support 9.5 days of net imports.

The NDA government has approved the construction of an additional 6.5 mt of strategic crude oil reserves at Chandikhol (4 mt) in Odisha and Padur (2.5 mt) in Karnataka.

The ministerial comes in the backdrop of tensions between China and India, the world's second- and third-largest crude oil importers, respectively. Also, India's petroleum product consumption has sharply recovered from the lowest slump since 2007, after the covid-19-led disruption.

"The SEP (strategic energy partnership) also supports USG (US government) efforts under the AsiaEDGE initiative, which establishes India as a strong energy partner in the Indo-Pacific region," said the statement. The ministerial was co-chaired by India's petroleum minister Dharmendra Pradhan and US energy secretary Dan Brouillette.

To counter Beijing, the US is seeking a bigger role for India in stabilizing and maintaining the rule of law in the Indo-Pacific region—a large swathe of land and sea stretching all the way from the west coast of the US to the shores of East Africa.

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