



POTEN TANKER OPINION



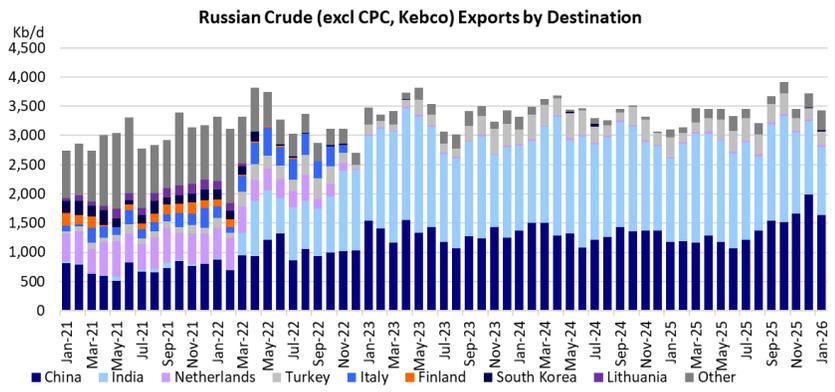
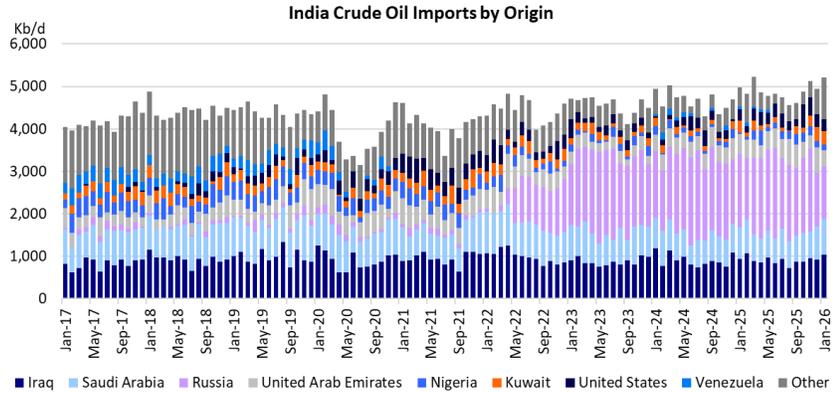
Moscow, We Have A Problem

The potential impact of the U.S. – India trade deal

The U.S. – India trade deal that was announced on Monday, February 2nd, will have a significant impact on the oil and tanker market. The element that received the most attention in our industry, is the apparent promise that India will stop importing Russian crude. In exchange, the U.S. will cut tariffs on Indian goods from 50% to 18%. Indian refiners have benefited from buying discounted Russian barrels since 2022, when Russia invaded Ukraine. Prior to 2022, India bought very little Russian oil, and replacing these volumes will not be a major problem, especially if there is some transition period. For Russia, however, the situation is very different. Due to the sanctions imposed on Russia after the invasion of Ukraine, they only have three large customers left. China, India and Turkey combined are the destination of more than 90% of Russia’s seaborne crude oil exports. In this Tanker Opinion, we will discuss the potential implications for the tanker market of these developments.

India has already cut back purchases from Russia in recent months. In November 2025, India imported 1.94 Mb/d from Russia, 38% of its total imports. Volumes dropped 36% to 1.23 in January 2026, cutting Russia’s market share to 23%. Vortexa data indicates that Reliance, India’s largest refiner, did not import any Russian crude in January. Further declines are expected in February, especially since the EU has banned the imports of petroleum products that are refined from Russian crude oil. While a complete halt of Indian imports of Russian crude oil is unlikely in the short-term, a significant further reduction is likely given the importance of this new trade deal to the Indian economy and the fact that there is ample availability of alternative crudes. Prior to 2022, India imported the vast majority (>60%) of its crude from suppliers in the Middle East (primarily Saudi Arabia, Iraq, the UAE and Kuwait) with additional barrels coming from West Africa, the U.S. and Brazil. Prior to 2020, India also imported 300-400,000 b/d from Venezuela. This stopped when President Trump threatened buyers of Venezuelan oil with secondary sanctions. As a result of the trade deal with the U.S., India is expected to buy more crude from the U.S. as well as restart imports from Venezuela. As a matter of fact, Reliance just bought two million barrels of Venezuelan crude from Vitol for delivery in April 2026.

While India can easily find alternative sources of crude oil (albeit at higher prices than the heavily discounted Russian barrels), Russia will struggle to find a home for the crude that India no longer wants. Turkey, a smaller client is also cutting back. This leaves China as the only reliable customer for Mr. Putin. However, it is unlikely that China will be able to (or want to) absorb all the additional oil from Russia, even at a significant discount. China’s independent refiners already buy virtually all



Source: Vortexa

of Iran’s output. Adding another million b/d to the three million b/d that they already buy from Russia (2.0 Mb/d seaborne and 1.0 Mb/d via pipeline) will be a tall order. Security and diversity of supply is important to China and even at discounted prices, they may not be willing to further increase their dependence on two sanctioned oil suppliers.

To add insult to injury to the Kremlin, the EU has proposed a full ban on all marine services to tankers carrying Russian crude oil, regardless of the price of the crude. This is part of their latest (20th!) sanctions package. This ban would effectively remove the current price cap system, where mainstream owners can still transport Russian barrels if the price of the crude oil that they carry is below a set level. If implemented, the EU proposal, which followed consultations with the U.S., would put significant additional pressure on the Kremlin. The Russians would become almost completely reliant on the dark fleet.

The implications for the tanker market of these developments are generally positive. India will buy more oil from non-sanctioned suppliers, which will create more employment opportunities for the mainstream fleet. Switching from Russian barrels (mostly Urals) to crude oil from the Middle East or the Atlantic Basin, will create more employment opportunities for VLCCs and (mainstream) Suezmaxes. More purchases from the U.S. and Venezuela in particular will boost ton-mile demand. Russia, on the other hand may need to further expand its dark fleet capacity to either transport more crude to China (a longer-haul destination for Urals than India) or use these ships as floating storage. Ultimately, production cutback may be inevitable for Russia.