



## Doha link in India's pivot to West Asia

India and Qatar's announcement about forging a strategic partnership to enhance cooperation in trade, energy, and security marked the resetting of relations after a bumpy stretch due to the detention of eight Indian Navy veterans by the West Asian country two years ago. That matter has now been resolved and Qatar's pledge to invest \$10 billion in India, as well as a target to double trade to \$28 billion in five years, lay the foundation for both diversifying trade and deepening economic cooperation.

Qatar, though a small country, punches above its weight in West Asia and has become a pivotal part in influencing power relations in the region. It has sought to have a greater say in shaping regional developments, as reflected by its role in brokering the recent peace deal between Israel and Hamas. Besides, it is the largest supplier of LNG and LPG to India, with GAIL recently finalising an agreement with Qatar Energy for 60 cargoes over the next five years, and is home to an 830,000-strong Indian community. Doha has become a major transit hub for Indian travellers, with more than 200 flights a week between Qatar and about a dozen Indian cities. The Indian outreach to Qatar is in sync with New Delhi's plans to broaden relations with members of the Gulf Cooperation Council, instead of focusing solely on Saudi Arabia and the UAE.

With the two sides looking at cooperation in areas such as food security, technology and infrastructure, there is ample scope to ramp up two-way trade, which remains skewed in Qatar's favour. With its abundant gas reserves, Qatar will continue to play a key role in helping India with its energy security requirements. Strong ties with Qatar will stand India in good stead in the coming days, as New Delhi seeks closer strategic and economic ties across West Asia through initiatives such as the India-Middle East-Europe Economic Corridor (IMEC).



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# Enlarged energy supplies from America should serve India well

*We will gain from a more-efficient market for oil and gas even as our stance on a green transition gains greater legitimacy*



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is chairman, Petroleum and Natural Gas Regulatory Board.

**T**he energetic kick-off of new policies by the US administration under President Donald Trump has shaken if not stirred the global economic cauldron a fair bit already, and continues to do so with much vigour. What began as levies on Chinese imports and on neighbouring countries Canada and Mexico has now begun to rapidly engulf the world. The US has articulated its intent: it wants a levelling-up over import levies imposed by others on American goods, the development of its domestic manufacturing industry, and to push ahead with fossil-fuel mercantilism.

Thus far, the world's response has ranged from trade skirmishes to capitulation, marked by intense sabre rattling. For example, the Trump administration suspended its 25% levy on goods from Canada and Mexico for a month. In return, Mexico agreed to provide more boots on the ground to secure its US border against cross-overs by illegal immigrants. On the other hand, China has retaliated with both tariffs as well as non-tariff measures, like anti-monopoly investigations on Google and export controls on certain metals. Trade conflagrations have heightened with affected nations issuing threats of potential retaliation, while the Trump administration refuses to relent.

The situation is fluid. The nature of this looming trade war is unprecedented on many dimensions. One of them is the way that energy markets will get affected. China has levied import tariffs on US fossil fuels—natural gas, coal and oil.

Europe, which imports a substantial portion of American LNG exports, is considering a price cap on gas, which potentially undermines Europe's Title Transfer Facility, the main clearing house for gas-price settlements, and could lead suppliers to look for other exchanges outside Europe to settle gas deals.

So, it appears that global energy pricing is getting more deeply enmeshed in local economic imperatives as much as it encourages larger regional and bilateral arrangements between countries. As a result, we might witness renewed formations or newer alignments.

What might be the impact of US tariff impositions and retaliatory moves (be it in the form of challenges or submission) on the Indian energy sector?

Let us examine it through three lenses. First, the availability of oil and gas in global energy markets. This is pertinent since India imports nearly 87% of its oil needs and more than half its natural gas consumption. Second, the source of these supplies: will these witness a shift? After all, there are likely to be new direct arrangements with the US, and there could be indirect effects on account of trade movements triggered by other nations. Currently, the Gulf countries are India's main suppliers of



both oil and gas (while a limited volume of LNG is sourced from the US). Third, how does the Trump administration's repudiation of the global climate agenda and walking out of the Paris Agreement impact our own climate action?

The Trump administration's decision to lift the US suspension of fresh export permits for new LNG terminals holds promise for a better-supplied global gas market. American gas is largely an 'associated' product that emerges along with crude oil. Hence, improved finances on the back of increased gas exports would increase the viability of crude oil production as well. Thanks in part to its 'fracking' revolution, the US is already the world's largest oil and gas producer. This improves our energy security position, as it reduces the impact of Opec's production cuts to bolster oil prices.

Moving on to the sourcing of supplies, India has made it clear that it will henceforth be purchasing more gas and oil from the US. While we have imported significant crude volumes as recently as in 2022, shipments dropped substantially after Russian supplies became cheaper.

It remains to be seen how the pricing of US supplies takes shape, especially compared to that of its Gulf competitors, which cart it across shorter distances. For US crude oil (and LNG) supplies to reach Indian shores, the landed price will largely have to be competitive. It helps that high ocean freight costs from the US are largely offset by the lower prices of US hydrocarbon benchmarks, both West Texas Intermediate rates (for crude oil)

and Henry Hub rates (for natural gas).

Furthermore, in global energy markets, swaps are often resorted to as a way to secure greater efficiency. For example, our public-sector gas major Gas Authority of India Ltd (GAIL) is already seeking swap deals for LNG supplies from the US, wherein gas is supplied to buyers in countries near the US landmass, and GAIL, in turn, gets to realize equivalent supplies from the cargo contracted by them from sources closer to India.

Enhanced LNG supplies from the US-based Henry Hub exchange will herald a tectonic shift in long established markets prevalent in various parts of the world. Europe's Title Transfer Facility, for example, is likely to be impacted. It could even mean a diminished role for the Japanese Crude Cocktail and Japan Korea Marker for supplies in the Asian region, particularly Japan and Korea.

Another aspect of American intervention concerns the future of the world's energy transition pathways in the face of climate change. The Trump administration's approach could provide India greater global legitimacy for its stated position—that of pursuing a transition that underscores reliable and affordable energy supplies to domestic consumers. Hence, the use of coal continues for the generation of electricity, while we also make sustained efforts to add renewable-energy capacity in the country.

All in all, the US administration's energetic moves augur well for India.

*These are the author's personal views.*