# Venezuela tension unlikely to have big impact on India trade

**SHREYA NANDI & SUDHEER PAL SINGH**
New Delhi, 4 January

The geopolitical tension caused by the US attack on Venezuela and the capture of President Nicolas Maduro could flare global oil prices in the short term, said officials and experts, who are closely monitoring the political situation there.

However, it may not significantly dent India's oil supplies or overall trade, they added.

"We do not see any risk as of now. Our exports to Venezuela are anyway limited. In the case of imports, the trade was mainly dominated by petroleum, which we have gradually reduced," a senior government official told *Business Standard*.

A senior official from a state-run oil public sector undertaking (PSU) said the development was crucial, given the statement by President Donald Trump that US oil companies will pump in billions of dollars to run Venezuelan oil fields.

"Trump is all for oil and gas production and Venezuela has a rich profile of reserves, but the immediate impact for India will be very minimal as the share of Venezuela in our total overseas production is very low. It has been coming down in the last few years due to sanctions and the discounts on Russian oil," he said.

However, there will be greater clarity on the long-term impact, depending on how the political developments unfold.

On Saturday, Trump had said the US will look to tap Venezuelan oil reserves.

The total bilateral trade between India and Venezuela stood at $1.8 billion during 2024-25 (FY25), compared to India's total trade of $1.16 trillion, government data showed.

Of the total trade, outbound shipments to the Latin American country stood at $217 million, representing 0.05 per cent of exports during FY25. Imports stood at $1.65 billion, equivalent to a share of 0.23 per cent.

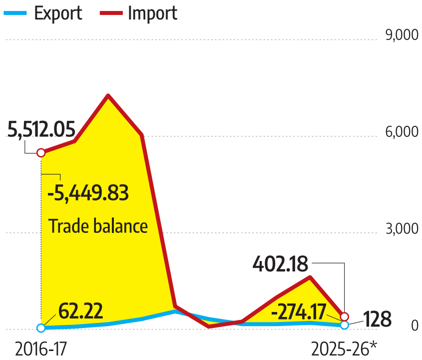
Ajay Sahai, director-general and chief executive officer of Federation of Indian Export Organisations (FIEO) said in FY25, India's total imports from Venezuela were very small (nearly $364 million), with crude oil forming only a small part. Sahai said that because of this reduced exposure, the current crisis in Venezuela is unlikely to have a meaningful impact on India's energy security or overall economy.

Key exports from India to Venezuela include pharmaceutical products, ceramic, cotton, plastics, organic chemicals and paper, among others. Petroleum imports dominate India's inbound shipments from Venezuela, with a share of 63 per cent. Other imports include teak, lead, zinc, and copper scrap.

ILLUSTRATION: AJAYA MOHANTY

## Shrinking trade ties

**India-Venezuela trade** (figures in $ mn)




*Apr-Oct; Source: DGCIS

ONGC Videsh Ltd (OVL), the overseas arm of state-owned Oil and Natural Gas Corporation (ONGC), currently holds 40 per cent participating interest in a joint venture with PdVSA, the national oil company of Venezuela.

PdVSA operates the San Cristobal field in the Orinoco Heavy Oil belt in Eastern Venezuela.

India's oil and gas stakes in Venezuela also extend to the Carabobo-1 field located in the Orinoco oil belt in Venezuela.

China is the largest buyer of Venezuela's oil after the US imposed sanctions in 2019. According Kpler data quoted by *Reuters*, China accounts for over half of the Latin American nation's Oil exports of about 768,000 barrel per day.

Ajay Srivastava, former trade ministry official and founder of Delhi-based think tank Global Trade Research Initiative (GTRI), said for India, the Venezuelan disturbance is unlikely to have any material economic or energy impact.

He added that although India was a major buyer of Venezuelan crude in the 2000s and 2010s, and Indian firms such as OVL hold upstream stakes in the Orinoco belt, bilateral engagement has weakened sharply since 2019.

"In this emerging 'might is right' global order — where international institutions have lost their voice and most major countries, except China and Russia, have stayed silent on US actions — the war for raw materials and energy resources is likely to intensify in the coming years. India must, therefore, act cautiously, protect its strategic autonomy, avoid deals that weaken sovereignty or long-term interests, and secure critical raw materials and energy access without geopolitical pressure," Srivastava said.

The extreme inflationary economy and damage to oil export-import infrastructure will make the situation vulnerable for Venezuelan investments and inward investments in that nation. "The Indian and Global oil trade situation and price impacts are not expected to be significant, but those who have invested already face further uncertainty," said Deepak Mahurkar, Partner at accounting and consultancy firm PwC.

### India's $1 bn dues may be unlocked

A US-led takeover or restructuring of Venezuela's oil sector could deliver a direct benefit to India, potentially unlocking close to $1 billion in long-pending dues while accelerating the revival of crude production from fields it operates in the sanctions-hit Latin American nation, analysts and industry sources said.

India was once a major processor of Venezuelan heavy crude, until US sanctions and rising compliance risks forcibly shut down purchases in 2020.

ONGC Videsh (OVL) jointly operates the San Cristobal oilfield in eastern Venezuela, but output has been severely curtailed as US curbs blocked access to critical technology, equipment, and services — leaving commercially viable reserves effectively stranded.

Venezuela has failed to pay OVL $536 million in dividends due on its 40 per cent stake in the field up to 2014, and a near-equivalent amount for the subsequent period for which Caracas has refused to permit audits, effectively freezing settlement of the claims.

Sanctions could be eased after the US places the country's vast oil reserves under American oversight, analysts and energy executives said. PTI

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## Dollar demand, linge… concerns may weigh…

**ANJALI KUMARI**
Mumbai, 4 January

The rupee is likely to open on a weak note on Monday, weighed down by persistent dollar demand by domestic market participants and lingering geopolitical concerns, dealers said.

Short positions remain elevated, with traders continuing to buy dollars only after a brief bout of selling in the previous session. Uncertainty over global developments, including potential disruptions to India's oil imports from Venezuela, has also dampened sentiment.

Market participants expect the currency to trade in the 90-90.5 per dollar range. The local currency settled at 90.21 per dollar on Friday.

"The rupee looks weak as there are a lot of short positions and domestic participants are continuing to buy dollars, barring a brief bout of selling seen on Friday. The uncertainty over how the ongoing crisis could play out for India, particularly the risk of reduced oil imports from Venezuela, may also weigh on sentiment," said Anil Kumar Bhansali, head of treasury and executive director, Finrex Treasury Advisors LLP.

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The central bank's outstanding net short dollar position in the rupee forward market rose further to $66.04 billion by the end of November, against $63.6 billion by end of October, latest data by the RBI showed.

The local currency weakened by 4.74 per cent in 2025, emerg…