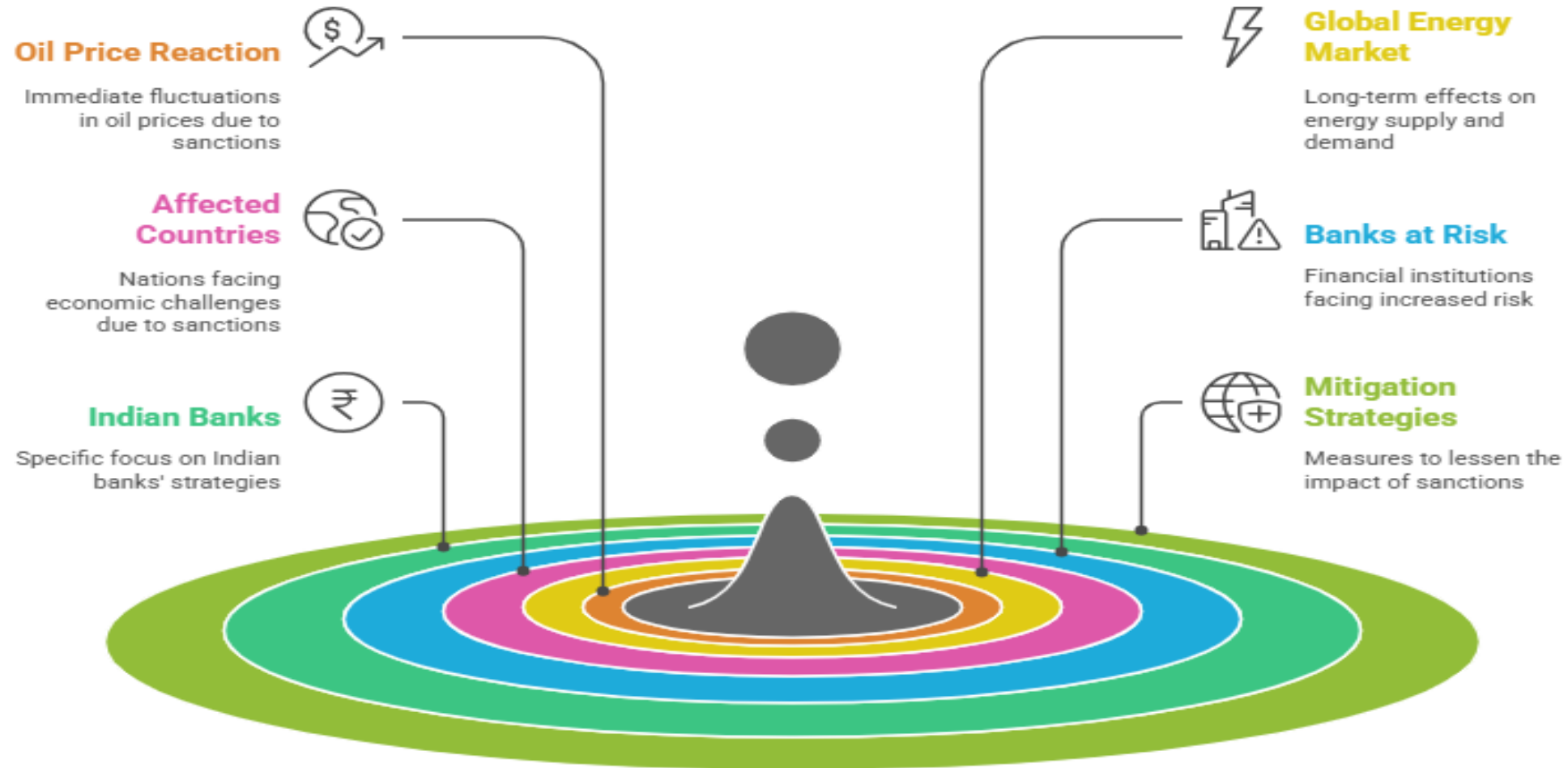


U.S. Ban on Russian Oil Companies

(Implications for Global & Indian Financial Systems)

“Energy geopolitics now drives financial stability – risk resilience must evolve faster than sanctions.”

Sanctions Impact Analysis



Rosneft and Lukoil: Volume of Oil Production & Exports (2025)

Rosneft and Lukoil collectively produce 5.3 million barrels per day of crude, accounting for 5% of global supply

Production & Supply Statistics of Companies				
Company	Production (bpd)	Export Volume (bpd)	Share of Russia's Total Exports	Key Destinations (2025)
Rosneft (State-owned)	3.3 million	1.8-2.0 million	40-45%	China (800k bpd via pipeline/ESPO), India (500k bpd to Reliance refinery), Turkey, Europe (limited via Druzhba).
Lukoil (Private)	2.0 million	0.7-1.0 million	15-20%	Western Russia ports to India, China, Turkey; focus on Arctic/Western shipments.
Combined	5.3 million	2.5-3.0 million	47-50%	Asia (70%, India/China top buyers).

Source : Kpler, Vortexa, and Rystad Energy.

Implications of Recent Sanctions

(Oct 22, 2025)

✓ US sanctions on Rosneft/Lukoil threaten 2 million bpd of seaborne flows, potentially removing 1-1.5 million bpd from markets if China/India fully comply.

✓ Russia's total exports could fall to 3.0-3.5 million bpd short-term, pushing global prices toward \$70-80/bbl.

✓ Evasion via shadow fleet (69% of September exports) may mitigate, but secondary sanctions on banks could limit this.

Escalating Sanctions Against Russia



US Sanctions - October 22, 2025

Characteristic	Rosneft & Lukoil + Subsidiaries
 Target	Rosneft & Lukoil + Subsidiaries
 Asset Freeze	Full asset freeze in US
 Transaction Ban	Ban on US persons transacting
 Secondary Sanctions	Secondary sanctions threat on foreign banks
 Wind-down Period	November 21, 2025
 Impact on Exports	~50% of Russia's seaborne oil exports (2-3M bpd)
 Impact on Global Supply	5% of global oil supply

Country	Key Vulnerabilities	Potential Economic Hit	Likelihood of Suffering (High/Med/Low)
India	Largest seaborne buyer (1.7M bpd, 35% of needs); refiners (Reliance, IOCL) pausing Rosneft/Lukoil deals; existing US tariffs (25-50% on goods).	Import costs up 10-15%; inflation spike (0.2-0.5% CPI); refineries pivot to costlier US/Middle East oil.	High - Already reviewing trades; sharp import cuts expected.
China	Second-largest buyer (2M bpd); state firms (Petro China, Sinopec) suspending seaborne imports; EU targeting Chinese refiners/banks for evasion.	Supply hiatus (short-term); higher global prices add \$5-10B to bills; de-dollarization push strained.	High - Immediate purchase halts; secondary risks to banks.
Turkey	Key intermediary (~0.5M bpd imports/re-exports); banks facilitate shadow fleet trades; US threats to third-country financiers.	Trade finance freeze; forex volatility; 5-10% export revenue loss.	Medium-High - Evasion hub; banks may refuse Russian deals.
UAE	Shadow fleet/trader hub; EU sanctions on UAE oil firms (e.g., Kazan Shipping); dollar-dependent economy.	Port access bans; fines on traders; 2-5% GDP drag from disrupted flows.	Medium - Recent EU hits; US secondary threats loom.
EU (e.g., Hungary/Slovakia)	Exemptions for Lukoil pipeline oil; new LNG ban (2027); energy transition costs.	Price surges (10-20% on gas/oil); €4-6B annual hit if supplies tighten.	Medium - Coordinated bans amplify volatility.

- Pre-sanction close (Oct 22): \$62.59/bbl
- Peak reaction (Oct 23): +5.4% to \$65.99/bbl (largest daily gain in months)
- Brief stabilization: Around \$65-66/bbl in late October
- Post-effective (Nov-Dec): Gradual decline amid surplus concerns
- Latest (Dec 15-16, 2025): ~\$60.80-\$61.50/bbl (near or below pre-sanction levels)

The sanctions added a brief "risk premium" but did not cause structural supply loss, as Russia rerouted flows.

The initial rally reflected supply shock risks, but cooling stems from ample non-Russian barrels (e.g., US shale output at record highs) and Trump's hints at conditional easing for Ukraine peace talks. Markets eye upcoming OPEC+ decisions for further direction.

Banks Most at Risk (International)

Bank/Institution	Country /Region	Exposure Details	Potential Consequences
State Bank of India (SBI)	India	Handles ~40% of Russian payments; rupee-ruble routes at risk.	Frozen remittances (\$2-5B); compliance costs up ₹1,000 crore; stock dip (2-3%).
HDFC/ICICI Bank	India	Trade finance for refiners like Reliance; past Iran sanction precedents.	Loss of USD access; 15-20% drop in related volumes; fines if non-compliant.
Bank of China / ICBC	China	State Oil Deals	\$1-3B stalled payments; heightened US scrutiny.
Ziraat Bank / VakıfBank	Turkey	Key for Russian energy trades; shadow fleet financing.	SWIFT restrictions.
Kyrgyz Banks (e.g., Kyrgyzkommertsbank)	Kyrgyzstan	EU transaction bans for evasion; Central Asian hub for oil laundering.	Full asset freezes; 20-30% business loss; regional contagion.

Broader Context

Short-Term (Next 1-3 Months):

Expect payment halts and trade reviews, with India/China facing the sharpest jolts (e.g., Reliance recalibrating imports). No immediate secondary designations, but US Treasury warnings have chilled activity.

Long-Term:

If enforced (e.g., via fines like BNP Paribas' \$9B in 2014), could accelerate de-dollarization in BRICS but raise global prices (\$70-80/bbl Brent). Russia may reroute via non-sanctioned firms (e.g., Gazprom Neft), mitigating some pain.

Affected entities would be shifting to yuan/rupee settlements or intermediaries, but US leverage (80% of global trade in USD) limits evasion.

The sanctions are a high-stakes gamble.

- ✓ Russia loses revenue
- ✓ India & China face supply shock
- ✓ Global banks walk a compliance tightrope

Outcome depends on:

- ✓ Enforcement rigor
- ✓ Trump-Putin negotiations
- ✓ OPEC+ response

“Energy markets remain fragile”.