

Press Release:

USA sanction threat is unilateral and against the free and fair trade: TPCI

- *Economy & exports bound to be hit as oil is the intermediate product in all kinds of production and services*

New Delhi, 23rd April, 2019: Expressing deep concern on the development, Mohit Singla, Chairman TPCI said, “India is a net importer of oil from Iran and unilateral threat of sanctions to those who do not abide by the USA call is unjustified and biased.” It is also against the cardinal principle of free and fair trade. The exports sector is bound to be hit as oil is the intermediate product in all kinds of production and services, he added.

Further Singla said, “India is oil and petroleum dependent sector and its demands are met by the import of oil. There will be immediate rise of 3-5% in crude oil prices owing to the slated sanction, which will not only hit the domestic production and imports.”

Chairman TPCI stated, “The global data of crude oil prices shows a jump of 50 per cent in the recent two months. High crude prices will have a negative impact on the fiscal and current account deficits of the economy. Increase in these deficits will lead to higher inflation and also impact monetary policy, consumption, and investment behaviour in the economy.”

“It is estimated that 10 percent increase in oil price will increase the trade deficit by \$7 billion, that is, trade deficit will widen by 560bps and lower GDP by 0.2 percent. This will in turn weigh on the rupee too, which is expected to depreciate further, making the import much costlier,” Singla remarked.

Singla added, “India and Iran are the old and natural allies and we are free to do trade with any country which gives us competitive pricing on oil imports. The unilateral sanction will be exempt India as it hopes the US will allow its allies to continue to buy some Iranian

oil instead of halting the purchases altogether from May. Iran is also trading in rupees and has imported 12 lakh tonnes of basmati rice, last year, which is huge advantage for India.” India, Iran's biggest oil client after China, has almost halved its Iran oil purchase since November. That was when Washington granted significant reduction exceptions (SREs) from sanctions to countries, including India.

Iran is India's third-largest oil supplier behind Iraq and Saudi Arabia. Iran supplied 18.4 million tonnes of crude oil during April 2017 and January 2018. India could overtake China as the world's largest oil demand growth center by 2024.

Singla requested government to take this aggressively as the crucial exports which is all time high last FY will meet a roadblock if such sanctions are thrust on India. He said, “I am sure the government of India must be looking at the development closely and will do its best keeping the concern of exports sector in mind.”.

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