

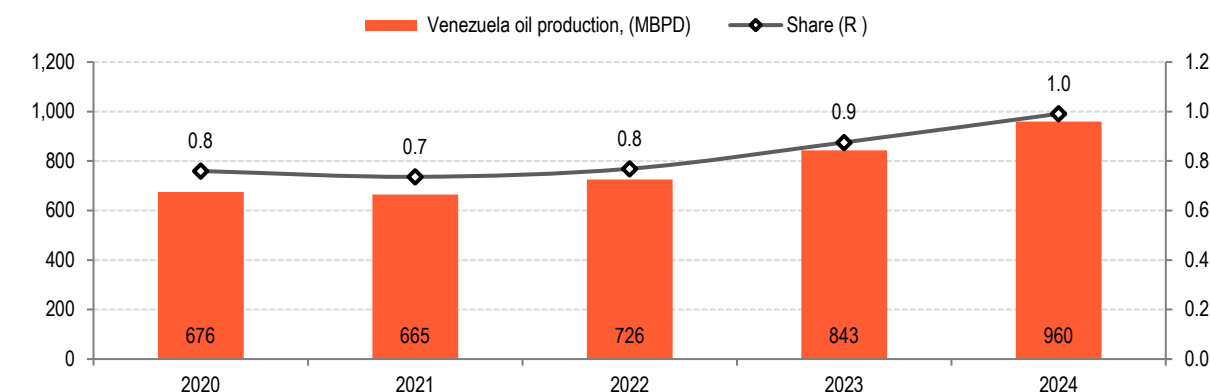
Impact of US-Venezuela tensions

The current resurgence in geopolitical tension surrounding US and Venezuela has made it essential to look at economies of oil and the trade dynamics that India shares with Venezuela.

1. No major impact on Oil:

Fig 1 shows that in terms of global oil production, Venezuela does not corner much of the supply. Its share in global oil production, CY24, has been only 1% amounting to 960 Million Barrels per day (MBPD). Thus, in terms of disruption of global oil supply it poses no immediate risk.

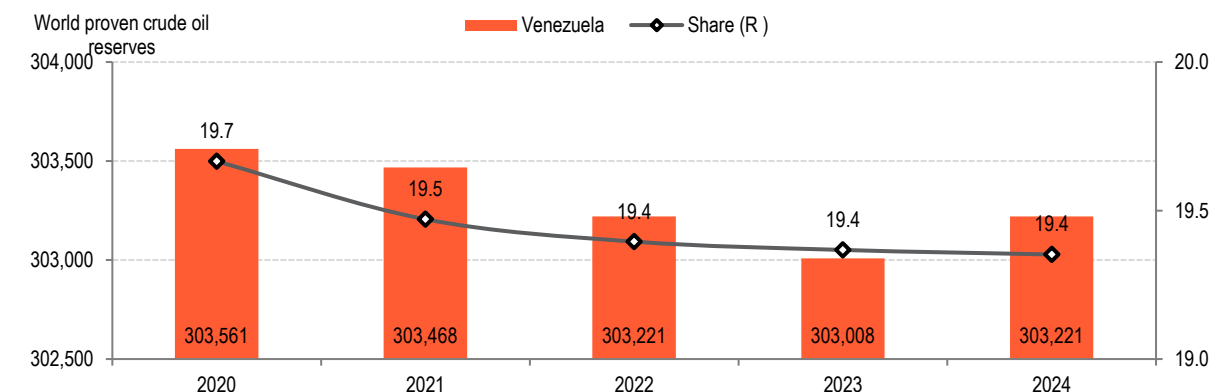
Fig 1. Venezuela's share in global crude oil production is very low



Source: Bloomberg, Bank of Baroda Research

Fig 2 shows that in terms of crude oil reserves, Venezuela's share is high at 19.4%. Thus, the ongoing disruption has brought forth conjectures of higher oil supplies if the potential of the reserves can be fully utilised by the US. Crude price has also softened in today's trading session, taking cue of the same.

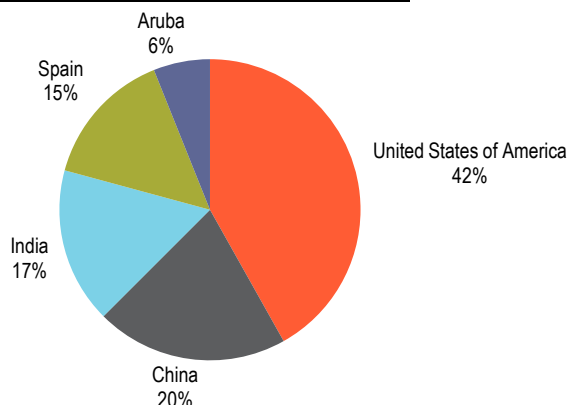
Fig 2. Venezuela's share in reserves



Source: OPEC bulletin, Bank of Baroda Research

In terms of Venezuela's exports of crude, US has the highest share followed by China. Thus, economies of oil could be the main strategy.

Fig 3. Share of top 5 countries in terms of oil exports of Venezuela

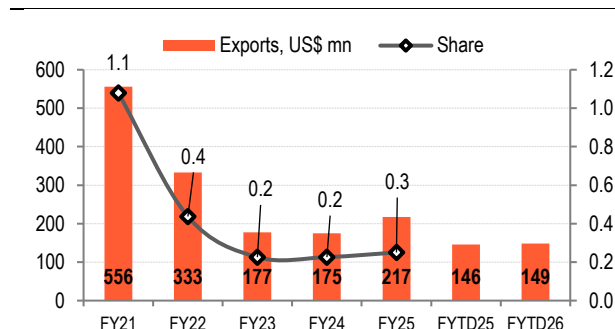


Source: Bloomberg, Bank of Baroda Research

2. India-Venezuela trade dynamics:

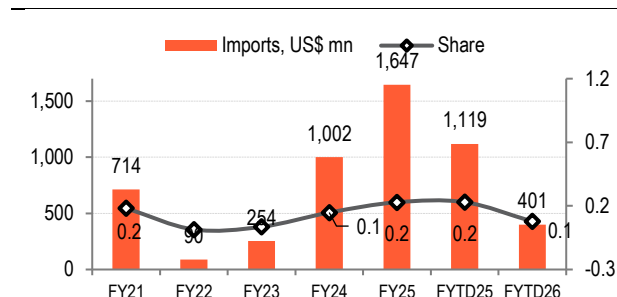
Fig 4 shows India's export profile to Venezuela. This has shown a decelerating momentum in the past few years. On a 5-year CAGR basis, exports to Venezuela have declined by -8.8%, in contrast to growth in overall exports to the world at 6.9% during the same period. **Fig 5.** shows India's import from Venezuela has picked up in FY25 to US\$ 1.6bn compared to US\$ 1bn in FY24. This has widened trade deficit with Venezuela to US\$ 1.4bn in FY25 compared to US\$ 827bn in FY24. However, on 5-year CAGR basis, imports declined by 22.9% for the period ending FY25, compared to growth in imports by 8.7% during the same period. Thus no major reliance in terms of imports.

Figure 4: India's exports to Venezuela



Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Nov'25.

Figure 5: Imports from Venezuela



Source: CMIE, Bank of Baroda Research, Note: FYTD: Apr-Nov'25.

Commodity profile of exports to Venezuela

The commodity wise picture shows manufactured goods occupy the dominant share. Within manufactured goods, higher concentration is in chemicals (especially drug formulations) and engineering goods (especially machinery and transport equipment).

Table 1: Commodity-wise export profile of India to Venezuela

| Commodities | Share in exports to Venezuela | Exports, US\$ mn, FY24 | Exports, US\$ mn, FY25 |
|---|-------------------------------|------------------------|------------------------|
| Manufactured goods | 93.6 | 165.7 | 203.1 |
| w/w Chemicals & related products | 57.9 | 112 | 126 |
| Other manufactured goods | 51.4 | 101 | 112 |
| Engineering goods | 49.8 | 98 | 108 |
| Textiles (excluding RMG) | 15.5 | 23 | 34 |
| Agricultural & allied products | 4.1 | 5 | 9 |

Source: CMIE, Bank of Baroda Research

Commodity profile of imports from Venezuela

Table 2 shows that petroleum crude and products (POL) occupy the major share in India's import basket from Venezuela, within which crude petroleum is the dominant. In absolute terms as well, it has increased in FY25. Other than this, manufactured products also occupy a significant share, especially engineering goods.

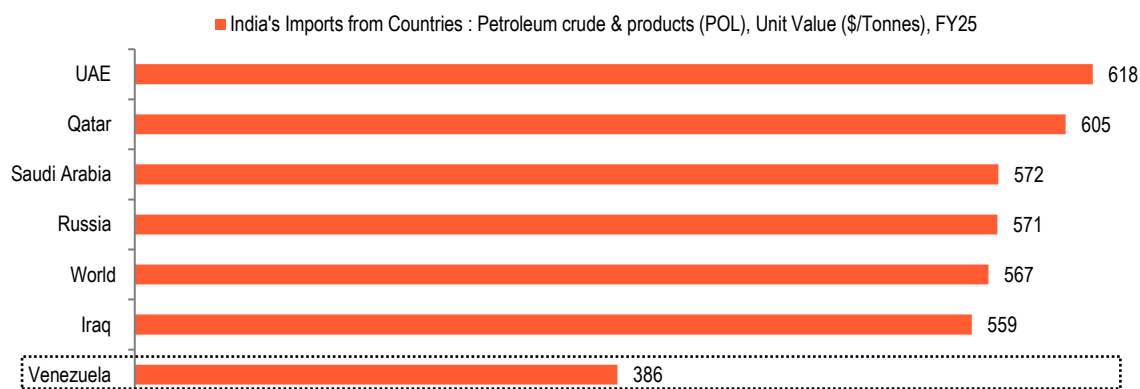
Table 2: Commodity-wise import from Venezuela

| Commodities | Share in imports to Venezuela | Imports, US\$ mn, FY24 | Imports, US\$ mn, FY25 |
|----------------------------------|-------------------------------|------------------------|------------------------|
| Petroleum crude & products (POL) | 93.3 | 934 | 1537 |
| w/w Crude petroleum | 85.5 | 805 | 1407 |
| Petroleum products | 7.9 | 129 | 129 |
| Non-POL | 6.7 | 68 | 110 |
| w/w Manufactured goods | 6.3 | 65 | 103 |

Source: CMIE, Bank of Baroda Research

Oil at a heavy discount:

Fig 6 shows that among major countries from which India import oil, the unit value of petroleum products for Venezuela is significantly lower.

Fig 6. Unit value of POL is one of the lowest in Venezuela

Source: CMIE, Bank of Baroda Research

To sum up:

- The current geopolitical tension between US and Venezuela does not pose any immediate risk.
- Venezuela's share in global oil production is marginal. However, in terms of the share in world reserves it is significant. Thus, it can be an attraction for the US.
- Hence conjectures centred around increased oil supplies by utilising the reserves. Thus, crude prices have softened in today's session.
- From India's perspective, bilateral trade between India and Venezuela is just US\$ 1.9bn with exports at US\$ 217mn and imports at US\$ 1.6bn.
- For imports, POL occupy the major share especially crude petroleum.
- The unit value of India's import of POL is also lower for Venezuela compared to major countries from which India imports oil.
- Under the current scenario, we do not foresee any upside risk to India's oil import bill as global crude supplies is likely to be in a glut mode.

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