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US Bans Russian Oil

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Summary:

President Joe Biden banned the US from importing Russian oil amid the Ukraine-Russia crisis. This is to force Russia to pull back from Ukraine. This would have a greater impact if the European countries impose the same ban but unlike the US, Europe relies deeply on Russia for oil. Germany for example is hugely dependent on Russia for its oil and natural gas. Russia, the US and Saudi Arabia hold a 45% share of oil-importing. Moreover, Russia produces 2nd best quality and second-cheapest oil which makes them hard to replace from countries like Venezuela where the quality is not up to the mark. Individual production of other countries is very low that they might have to join hands and still not be able to come close to the levels of Russia's produce. Using strategic reserves could be a very bad option as they should only be used for emergencies. It also raises questions as to how far will countries like China share their strategic reserves.

Facts and Figures:

- Russia holds a 12% share in global exports of oil. Russia supplies oil approximately 5 million barrels a day and they produce around \$20 a barrel.
- The total strategic reserve of the US, China and Japan is 1500 million barrels.
- India imported around 1.8 million tonnes of thermal coal from Russia in 2021

Opinion:

In the European countries, the ban will not happen any soon as they heavily rely on the energy they import from Russia. It is also difficult to find any alternatives as Russia produces good quality oil and the cost of production is also less. Ban in Russian oil will lead to an increase in costs of oil as other countries would have to spend a lot on extraction, purification and transport to import oil.