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India's outreach to Angola will contain energy risk

Angola emerges as an important alternative to West Asia in gas supplies. India can rebalance its energy imports

Ganesh Valiachi
Nagarajan M

The disruption of the Strait of Hormuz has exposed a critical fragility in India's energy architecture, its excessive geographic concentration of imports. With nearly 90 per cent of LPG supply routes affected and about 50 per cent of LNG demand dependent on imports, India's outreach to Angola is not merely an emergency procurement decision; it is a forced recalibration of trade strategy.

The ongoing negotiations led by Indian Oil Corporation, Bharat Petroleum Corporation, Hindustan Petroleum Corporation, and GAIL Ltd with Sonangol, covering short-term LPG contracts and long-term LNG deals of up to 10 years, signal a shift from opportunistic sourcing to structured engagement. The immediate trigger may be supply disruption from Qatar and the United Arab Emirates, but the implications go far beyond crisis management. What makes Angola significant is not just its 4.6 trillion cubic feet of gas reserves, but its existing position in India's trade matrix. In FY25, Angola was already India's fifth-largest LNG supplier, exporting gas worth $924 million, trailing only Oman at $1.04 billion among comparable partners.

This is not a new relationship being built from scratch; it is an underleveraged corridor now being scaled. If the proposed long-term LNG contracts materialise, even a conservative doubling of imports would push Angola into the top tier of India's gas suppliers, potentially crossing $2-3 billion annually in trade value.

In parallel, logistical advantages, particularly 10-15 days shorter transit compared to North American shipments, reduce supply lag and inventory costs, which is crucial when domestic sectors like fertilizers and steel are already under strain.

RESHAPING INDO-AFRICAN TRADE

India-Africa trade, currently in the range of $90-100 billion, has long lacked depth despite its scale, remaining concentrated in crude imports and low-value exports. The Angola pivot has the potential to alter this composition in measurable ways. First, it can incrementally shift Africa's share in India's energy basket: even a 5-10 per cent substitution of LPG and LNG imports toward African suppliers would reduce dependence on West Asia.

LNG. Diversifying supply sources GETTY IMAGES

Second, long-term LNG contracts create predictable, high-value trade flows, unlike spot cargoes, embedding Angola more firmly into India's import structure. A decade-long contract cycle alone could lock in tens of billions of dollars in bilateral trade, creating stability that extends beyond energy into shipping, port infrastructure, and engineering services. Third, such engagement opens the door for Indian firms to move upstream, investing alongside Sonangol, thereby partially offsetting import costs through asset participation. This would mark a shift from a buyer–seller dynamic to an investment-linked trade relationship, something India has historically pursued in other geographies but only selectively in Africa.

This pivot, however, is not without trade-offs. African gas is unlikely to consistently match the price competitiveness of traditional suppliers like Qatar or the United Arab Emirates, implying a higher landed cost structure for India in the short term. Yet, the Hormuz disruption has made one reality clear: cost efficiency without supply security is economically untenable. The Angola engagement reflects a deliberate shift toward risk-adjusted trade, where diversification carries a premium but reduces exposure to geopolitical chokepoints.

More importantly, it sets a precedent. If scaled beyond Angola to other African producers, India could gradually rebalance its energy imports, reducing regional concentration and embedding Africa more centrally in its trade geography. Angola may not replace West Asia, but it can ensure that India is never again critically dependent on a single corridor.

Valiachi is Assistant Professor at Symbiosis Institute of International Business (SIIB), Pune; Nagarajan is a faculty member of Management Studies at SRM Institute of Science and Technology, Tiruchirappalli