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PM Modi UAE Visit: ADNOC SPR Deal, LPG Pact, and Strategic Defence Partnership

15 May 2026

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WHY IN NEWS

Prime Minister Narendra Modi made a strategic stopover in **Abu Dhabi on May 15, 2026** – the first leg of his five-nation tour (UAE, Netherlands, Sweden, Norway, Italy: May 15-20, 2026). The visit yielded landmark agreements: an **ISPRL-ADNOC MoU** for crude storage in India's Strategic Petroleum Reserves (SPR), an **IOCL-ADNOC long-term LPG supply pact**, a **Cochin Shipyard-Drydocks World** ship repair MoU, and a **Strategic Defence Partnership framework**. UAE committed **USD 5 billion** in new investments into India.

THE STRATEGIC CONTEXT

The visit takes place against the backdrop of:

- **West Asia tensions (Strait of Hormuz risk premium):** WPI Fuel & Power surged **+24.71 per cent YoY** in April 2026; Strait of Hormuz war-risk premium has spiked through April-May 2026
- **India's SPR vulnerability:** India stores roughly **5.33 MMT** of strategic crude – about **9-10 days' import cover** – across three underground rock caverns; Phase II expansion is critical
- **LPG import dependency:** UAE supplies approximately **40 per cent** of India's LPG; long-term supply lock-in reduces spot-market price volatility exposure

KEY AGREEMENTS SIGNED

1. ISPRL-ADNOC MoU – Strategic Petroleum Reserves

PARAMETER	DETAIL
Agreement type	MoU for crude storage
ADNOC storage in India	Up to 30 million barrels
India SPR locations	Visakhapatnam (AP) and Chandikhol (Odisha) – Phase II sites
Reciprocal arrangement	India crude storage at Fujairah, UAE
Strategic benefit	Guaranteed crude access during supply disruptions

How it works: ADNOC stores crude at India’s SPR caverns at its own cost; in a supply emergency, India can retain a portion of the stored crude while ADNOC retains commercial rights to the rest. A similar model operates between Saudi Aramco and India (Padur cavern, Karnataka).

2. IOCL-ADNOC LPG Supply Agreement

- Long-term LPG supply to India from ADNOC’s portfolio
- UAE (primarily from Ruwais) is already the **single largest supplier** of LPG to India
- Agreement locks in volume and pricing framework, reducing India’s exposure to spot market volatility
- Complements the **Pradhan Mantri Ujjwala Yojana (PMUY)** push to sustain domestic cooking gas access

3. Cochin Shipyard – Drydocks World MoU

- **Drydocks World:** Dubai-based major ship repair company; one of the largest in the Middle East
- MoU for a **ship repair cluster at Vadinar (Gujarat)** under India’s **Maritime Development Fund Scheme**
- Aligns with **Maritime India Vision 2030** and **Maritime Amrit Kaal Vision 2047** targets
- Vadinar is home to HPCL’s Vadinar Refinery (Rajkot district, Gujarat)

4. Strategic Defence Partnership Framework

- Covers: **defence industrial collaboration, maritime security, cyber defence, secure communications**
- Building on the 2017 Comprehensive Strategic Partnership

- Context: Both India and UAE are threatened by Strait of Hormuz disruption scenarios
- India-UAE defence ties include training cooperation, naval port calls, and intelligence sharing

5. Investment Commitments – USD 5 Billion

INVESTOR	AMOUNT	DESTINATION
Emirates New Development Bank	USD 3 billion	RBL Bank (equity stake)
ADIA (Abu Dhabi Investment Authority)	USD 1 billion	NIIF (National Infrastructure Investment Fund)
IHC (International Holding Company)	USD 1 billion	Sammaan Capital (housing finance)

INDIA-UAE BILATERAL – KEY FACTS

INDICATOR	VALUE
Bilateral trade (FY 2024-25)	~USD 83-85 billion (India's largest bilateral trade partner among GCC)
UAE FDI into India (cumulative)	~USD 19 billion
Indian diaspora in UAE	~3.5 million (largest expat community in UAE)
India-UAE CEPA	In force since May 2022; first India FTA with a GCC state
Comprehensive Strategic Partnership	Established 2017

INDIA'S STRATEGIC PETROLEUM RESERVE ARCHITECTURE

FACILITY	LOCATION	CAPACITY
SPR-1	Visakhapatnam, AP	1.33 MMT
SPR-2	Mangaluru, Karnataka	1.5 MMT
SPR-3	Padur, Karnataka	2.5 MMT
Phase II – ISPRL	Chandikhol, Odisha + Padur expansion	~6.5 MMT (planned)

India currently holds **~9-10 days' net import cover** in strategic reserves – far below the IEA recommendation of 90 days (though India is not an IEA member; it is an **IEA Associate**).

ADNOC – INSTITUTIONAL PROFILE

- **Abu Dhabi National Oil Company:** one of the world's largest integrated energy companies by reserves
- Wholly owned by the **Abu Dhabi Government**
- Operates upstream (onshore and offshore), downstream (refining, petrochemicals), and LNG
- **ADNOC-India engagement:** Has been a partner in **Bapco Energies (Bahrain)** and has investments in ONGC's international ventures
- The Saudi Aramco model (Padur cavern) was the template for this ADNOC deal

UPSC RELEVANCE

GS Paper 2 – International Relations

- India-UAE bilateral; Comprehensive Strategic Partnership; India-GCC relations
- India's West Asia foreign policy; CEPA as a diplomatic tool

GS Paper 3 – Economy, Energy Security

- Strategic Petroleum Reserves; India's energy security architecture
- LPG supply chains; import dependency management
- Defence procurement and Make in India (defence industrial collaboration)

Mains Angles

- ① India maintains strategic petroleum reserves at less than 10 days' import cover. Discuss the gaps in India's energy security architecture and how international deals like the ADNOC MoU address them.
- ② The India-UAE CEPA (2022) and the 2026 defence partnership signal deepening strategic convergence. Evaluate the role of economic interdependence in anchoring India-Gulf relations.
- ③ Examine the role of strategic petroleum reserves in India's energy security framework. How does the ISPRL-ADNOC storage-sharing model work?

*Indian Strategic Petroleum Reserves Limited; wholly owned subsidiary of **MoPNG** (Ministry of Petroleum and Natural Gas); operates India's underground cavern SPR network at Visakhapatnam, Mangaluru, and Padur.*

Abu Dhabi National Oil Company; Abu Dhabi Government-owned; UAE's flag oil company; among world's top 5 by reserves.

Comprehensive Economic Partnership Agreement; signed in February 2022; in force since May 2022; first India FTA with a GCC nation; covers goods, services, and investment.

Indian Oil Corporation Limited; largest Central PSU by revenue; refines, distributes, and trades petroleum products; HQ New Delhi.

Strategic Petroleum Reserve – crude oil stockpile held for supply emergencies; India's target is ~90 MMT (long-term); current ~5.33 MMT (3 caverns).

Abu Dhabi Investment Authority; one of the world's largest sovereign wealth funds (~USD 700-800 bn AUM); invests globally.

GoI's long-term maritime vision; targets top-5 global shipbuilding status, port capacity expansion, blue economy.

*Pradhan Mantri Ujjwala Yojana; launched **May 1, 2016**; provides free LPG connections to BPL households; over 10 crore connections as of 2026.*

*International Energy Agency; India is an **Associate Member** (since 2017) – not a full member; full members must hold 90-day oil reserves.*

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