Fuel Exports Jump to 1-yr High in July

WARS OPEN UP OPPORTUNITIES

Highest volume for any July on record

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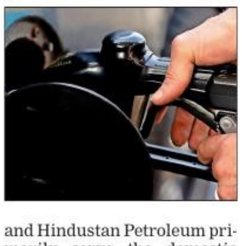

New Delhi: The nation's fuel exports surged to a one-year high last month as robust diesel margins, Russia's diesel export ban and ample crude supplies during the brief truce in the Iran war created favourable conditions for Indian refiners to maximise exports.

India exported 1.526 million barrels per day (bpd) of refined fuels in July, 27% above the preceding 12-month average, according to shipping data from analytics firm Kpler.

The volume was the highest for any July since Kpler's records began in 2017.

"Exceptionally strong diesel margins, following the ban on Russian diesel exports, incentivised exports (from India), with cargoes headed to regions previously supplied by West Asia and Russia to fill the supply void," said Nikhil Dubey, lead analyst for refining at Kpler.

The wars in West Asia and Europe have reshaped global fuel trade flows, driving up prices and creating opportunities for exporters. The conflicts have disrupted supplies from Russia and the Gulf, two key sources of refined fuels for the global market.

Ukraine's attacks on Russian refineries have forced Moscow to ban petrol and diesel exports, leaving it dependent on imports, including from India, to meet domestic fuel demand. Countries like Turkey, which traditionally sourced fuel from Russia, are now buying Indian cargoes as substitutes, according to Dubey.

"Europe remains short on diesel supplies and typically relies on imports from West Asia; however, those supplies are currently constrained due to regional turmoil," he noted, adding that record diesel cracks helped drive higher export volumes to Europe.

Further, supporting exports was the "ample crude availability following the arrival of stranded cargoes that were released during the brief Iran-US truce," Dubey said, adding that it supported elevated refinery runs. The completion of maintenance turnarounds at refineries operated by Reliance Industries (RIL) and Nayara Energy also enabled them to process higher crude volumes, he said.

RIL accounts for about three-quarters of India's refined fuel exports. Rosneft-backed Nayara Energy, the other major exporter, reportedly shipped fuel to Russia last month.

Among state-run refiners, Indian Oil, Bharat Petroleum and Hindustan Petroleum primarily serve the domestic market and export little. MRPL, however, exports a significant share of its output as it does not have a retail marketing network. India has surplus refining capacity relative to domestic demand and exports about one-fifth of its refined petroleum products. The country's refining capacity is projected to rise to over 300 million tonnes per annum (MTPA) by 2030 from the current 267 MTPA.