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China and India Halt Russian Oil Purchases for March – Reuters

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Rosneft's Aframax-class tanker Vladimir Monomakh. **rosnefteflot.ru**

China and India have suspended March purchases of Russian oil as U.S. sanctions drive up shipping costs, Reuters reported Tuesday, citing traders and shipping data.

The U.S. Treasury Department earlier this month targeted 183 vessels, including "shadow fleet" tankers used by Russia to bypass Western oil price caps, in a sweeping sanctions package aimed at undermining Moscow's energy revenues.

As a result, shipping on Aframax tankers — which can carry around 100,000 metric tons — for Russia's ESPO Blend oil surged to $6.5-$7.5 million for delivery to China and $9-$10 million for delivery to India.

Offers for ESPO Blend crude supplies to China in March rose to premiums of $3 to $5 per barrel above Brent Crude, which traded at $77.30 per barrel as of mid-Tuesday, Reuters reported.

Indian refiners have not yet received fresh offers for March deliveries from traders handling Russian oil, Bharat Petroleum finance chief Vetsa Ramakrishna Gupta said last week.

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Despite the sanctions, tankers previously blacklisted by the U.S. are still offloading oil in China and India under a waiver period, though some are facing delays at certain ports.

The U.S. sanctions provide a transition period allowing sanctioned vessels to offload Russian oil by Feb. 27 and complete energy-related transactions by March 12.

Russia was estimated to operate at least 600 shadow fleet tankers in 2023, with the latest sanctions reportedly affecting about 10% of the global oil tanker fleet.

Last year, Russian crude accounted for 36% of India's imports and nearly 20% of China's.

The Jan. 10 sanctions package also targeted dozens of traders, insurers, as well as Russian oil majors Gazprom Neft and Surgutneftegaz.

The Kremlin has pledged to "minimize" the impact of U.S. sanctions.

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