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U.S. sanctions on Russian oil could hit hard at buyers in China, India

(Bloomberg; Oct. 23) – U.S. sanctions on Russia's energy giants are sending shockwaves deep into the heart of China's oil industry, where both state and private refiners face heightened pressure to keep up supplies while steering clear of penalties. As much as 20% of China's crude imports — about 2 million barrels a day in the first nine months of this year — come from Russia, making it one of the country's leading sources of oil for processing into products such as diesel, gasoline and plastics.

The U.S. blacklisting of Rosneft and Lukoil is the latest in a series of measures rolled out by the U.S., the European Union and U.K. targeting buyers of Russian crude, and the contribution the sales make to Moscow's war in Ukraine. Transactions involving the two firms need to wind down by Nov. 21, according to the U.S. government. The risk for China as well as India, Russia's biggest customers, is in their dealings with sanctioned entities, which can leave companies exposed to crippling secondary penalties.

That includes being cut off from Western banking systems and access to dollars, or frozen out by Western producers, traders, shippers and insurers. Of particular concern is the role Western firms play as investors and operators across oil-producing regions such as the Middle East and Africa, traders said. Chinese and Indian companies that opt to continue working with sanctioned firms risk being sidelined or cut off from a large number of projects. But if they choose to comply with the sanctions, they'll lose access to discounted supplies of Russian oil that have helped keep energy costs low.

China and India have to decide how to deal with U.S. sanctions

(Wall Street Journal; Oct. 23) - India and China have come to rely on cheap Russian oil and don't want President Donald Trump's new sanctions against Russia's two biggest oil companies to disrupt their economies. But the pressure is rising. The two Asian powers together buy around five of every six barrels of crude oil that Russia exports, and both have been hit by Trump's high tariffs, leading to tense relations with Washington. Neither India nor China can easily ignore the far-reaching sanctions — especially India, which holds out hope for a rapprochement with Trump.

The new measures target Russia's Rosneft and Lukoil as well as nearly three dozen of their subsidiaries. The U.S. said it could bar foreign countries or companies from doing business with the sanctioned Russian companies and cut them off from much of the international financial system. Major banks and conglomerates in China and India couldn't survive long if they lost access to U.S. banks and dollars. But the Treasury Department's announcement was ambiguous, saying merely that those who deal with Rosneft and Lukoil "may risk exposure to sanctions" in certain cases.

Analysts said India would speed up efforts to diversify its oil supplies while watching how strictly Trump enforces his crackdown. "Countries are not going to do any dramatic shifts because Mr. Trump wakes up on the wrong side of the bed," said Harsh V. Pant, head of strategic studies at the Observer Research Foundation, a think tank in New Delhi. "Whether India reduces its dependence will depend heavily on the strength of U.S. pressure and how much volatility India is prepared to absorb," Sumit Ritolia, an analyst at Kpler, wrote in a recent research note.

China's state oil majors suspend buying Russian crude

(Reuters; Oct. 23) - Chinese state oil majors have suspended purchases of seaborne Russian oil after the U.S. imposed sanctions on Rosneft and Lukoil, Moscow's two biggest oil companies, multiple trade sources said on Oct. 23. The move comes as refiners in India, the largest buyer of seaborne Russian oil, are set to sharply cut their crude imports from Moscow to comply with the U.S. sanctions imposed over the Kremlin's invasion of Ukraine.

A sharp drop in demand from Russia's top two customers will put a strain on Moscow's oil revenues and force the world's top importers to seek alternative supplies and push up global oil prices. Chinese national oil companies PetroChina, Sinopec, CNOOC and Zhenhua Oil will refrain from dealing in seaborne Russian oil at least in the short-term due to concern over sanctions, the sources said. While China imports about 1.4 million barrels of Russian oil per day by sea, most of that is bought by independent refiners, including small operators, although estimates of purchases by state refiners vary widely.

Vortexa Analytics pegged Russian oil purchases by Chinese state firms at under 250,000 barrels per day for the first nine months of 2025, while consultancy Energy Aspects put it at 500,000. Unipec, the trading arm of Sinopec, stopped buying Russian oil last week after Britain sanctioned Rosneft and Lukoil, as well as shadow-fleet ships and Chinese entities including a major Chinese refiner, two trade sources said. One factor at play, however, is that Rosneft and Lukoil sell most of their oil to China through intermediaries instead of directly dealing with buyers, traders said.

Russian oil flows to India could drop to near zero after U.S. sanctions

(Bloomberg; Oct. 23) - Flows of Russian oil to major Indian refiners — a boom for both countries' economies over the past three years — are expected to fall to near zero after the U.S. imposed sanctions on giants Rosneft and Lukoil. Senior executives at the refiners said the blacklisting of Russia's largest producers would make it all but impossible for that flow to continue. They asked not to be named due to the sensitivity of the issue. Transactions involving the two firms need to be wound down by Nov. 21.

The latest U.S. restrictions mark a significant step by the Trump administration and a major change in Western policy on oil, which had previously sought to limit revenue to the Kremlin without impacting the flow of oil — especially to some of the world's largest consuming economies. China has long shown itself to be more tolerant of sanctioned cargoes than India, but the surprise move has sent shockwaves through India's oil industry and left state and private refiners fretting over how to balance supply imperatives with the need to avoid crippling secondary penalties.

Those could leave companies cut off from the Western financial system and the vast logistics networks that underpin global commodities markets. So far this year, India has taken 36% of its oil imports from Russia, according to analytics firm Kpler. Historically, India hasn't been a significant importer of Russian crude, depending more on the Middle East. That changed in 2022, after Russia's invasion of Ukraine and a $60-per-barrel price cap imposed by the Group of Seven nations to limit the Kremlin's oil revenues. Because Russian cargoes were comparatively inexpensive, India's purchases jumped.

U.S. sanctions on Russian oil change global market dynamics

(Bloomberg; Oct. 23) - The U.S. government jolted energy markets when it sanctioned Russia's two biggest crude oil producers on Oct. 22. All eyes are now on how the sanctions will affect the supply and price of petroleum across the world. Russia's exports — about 7.3 million barrels a day, according to the International Energy Agency — account for about 7% of global oil and refined fuel consumption. The new penalties on Rosneft and Lukoil, combined with sanctions imposed earlier this year, mean that firms shipping the majority of Moscow's oil to overseas markets are now blacklisted.

India and China are currently the two largest buyers of Russian crude, taking nearly 3.6 million barrels per day. Indian oil refiners said they now expect to halt almost all their purchases of Russian crude. If that happens, Russia will have a challenge finding alternative customers. It's not clear whether China is willing to buy more — state buyers there have already canceled some purchases. The U.S. measures may also not pile enough immediate pressure on President Vladimir Putin to end his war in Ukraine.

A full boycott of Russian oil by India and China would intensify competition for oil from other countries, pushing up prices. The U.S. Treasury Department said it was sanctioning two Russian oil giants — Rosneft and Lukoil — as well as all entities in which they hold a direct or indirect stake of 50% or more. As a result, all U.S. or U.S.-based entities and individuals are barred from transacting with the sanctioned entities.

China found a way to take Russian LNG while avoiding U.S. sanctions

(Wall Street Journal; Oct. 26) - To understand how effective U.S. sanctions on Russian oil could be, look no further than the already-sanctioned Arctic gas project central to Moscow's export ambitions. In multiple rounds of blacklisting, the Biden administration crippled the logistics, shipping and financing system around the plant known as Arctic LNG 2, aiming to leave it "dead in the water." Yet, since August, Russia has managed to send 11 tankers of liquefied natural gas from the plant, ship-tracking data show.

China's port of Beihai has emerged as a crucial node in the export of sanctioned gas from the Russian Arctic. "It benefits both the Chinese economy and the Russian war machine," said Alexander Gabuev, who is the director of the Carnegie Russia Eurasia Center where he focuses on China-Russia relations. "China no longer feels the need to be overly concerned about the U.S. reaction." The Beihai gas route has become a key channel for that effort and a means to further deepen Russia's ties with China.

Evading sanctions is a national priority as Russia tries to shore up its war chest. For Beijing, it is as much an opportunity to snap up discounted Russian fuel as it is a signal of defiance in its trade war with the U.S. To buy Arctic gas without risking secondary U.S. sanctions, China has made Beihai its de facto entry point — no other LNG carrier has docked there since the terminal started taking gas from Russia. The terminal operator, state-owned China Oil & Gas Pipeline Network, has a very limited exposure to the dollar-based financial system, said Martin Senior, analyst at data provider Argus.

Booming U.S. and Qatari LNG supply provides options for Europe

(Reuters; Oct. 23) - The European Union will be able to fully replace Russian liquefied natural gas imports with other supplies from 2027 without major price shocks, thanks to booming U.S. and Qatari output, according to analysts. The EU on Oct. 23 approved new sanctions against Russia for its war in Ukraine, banning Russian LNG imports from Jan. 1, 2027, a year earlier than planned. The EU's Russian energy imports have come under renewed scrutiny after President Trump demanded Europe stop all purchases.

While the EU has cut its reliance on Russian energy by 90% since 2022, it has still imported more than 11 billion euros' worth of Russian energy so far this year. European economies suffered from a natural gas price spike in 2022-2023 after Russia invaded Ukraine but the world has witnessed a boom in LNG projects since then, which analysts say will result in a global gas supply glut later this decade.

Russia supplies the European Union with 21 million tonnes per year of LNG, of which 15.5 million tonnes come under long-term contracts, according to data from the International Group of Liquefied Natural Gas Importers. That is insignificant compared to the predicted jump in the global LNG export capacity of 161 million tonnes per year by 2027, according to Rabobank estimates. The U.S. alone will add more than 50 million tonnes per year of production capacity by the end of 2027 on top of 2025 levels, Rabobank data showed. Qatar is expected to add around 31 million tonnes.

China builds up its imports of Russian LNG

(Bloomberg; Oct. 23) - China is pushing ahead with imports of U.S.-sanctioned Russian liquefied natural gas, after the White House stopped short of putting additional restrictions on the trade in its latest wave of sanctions. The tanker Iris, carrying a shipment from the blacklisted Arctic LNG 2 facility in Russia, docked at the Beihai import terminal in southern China on Oct. 23, according to ship-tracking data compiled by Bloomberg. This is China's 11th shipment of restricted Russian LNG since late-August.

The move comes after U.S. President Donald Trump ramped up pressure on Russia by blacklisting state-run oil giants Rosneft and Lukoil, citing Moscow's lack of commitment to Ukrainian peace. However, the White House hasn't yet hit at companies circumventing sanctions on LNG — a growing source of revenue for Moscow, which aims to triple exports of the fuel by 2030. The lack of new restrictions on Russian LNG is notable, given that the U.K. slapped its own sanctions on the Beihai terminal last week.

Meanwhile, European Union nations have adopted a new package of sanctions aimed at Russia that will target 45 entities, including 12 companies in China and Hong Kong. China had designated Beihai as the sole entry point for shipments from Arctic LNG 2 — a Russian project already sanctioned by the U.S. in 2023. Arctic LNG 2 started delivering the blacklisted fuel to the Asian nation in late August, a move that coincided with a visit to Beijing by Russian President Vladimir Putin. At least three more vessels carrying blacklisted Russian LNG are heading to the Beihai terminal, ship data shows.

TotalEnergies reports Mozambique LNG costs have risen $4.5 billion

(Reuters; Oct. 26) - TotalEnergies has told Mozambique that the costs of its liquefied natural gas project in the country have risen $4.5 billion (20%) in the four years it was on hold, and it wants its production agreement extended by a decade, a letter from its chief executive said. The French oil major said Oct. 25 that together with its partners it had decided to lift force majeure on the project, which was halted in 2021 by an Islamist militant attack and previously estimated to cost $20 billion. The onshore terminal and offshore wells are planned for a production capacity of 13 million tonnes of LNG a year.

But before construction can restart, Mozambique's council of ministers needs to approve an updated budget and schedule. "This revised budget's approval shall cover the incremental costs incurred by the project due to the force majeure, which amount to $4.5 billion," said the letter from TotalEnergies CEO Patrick Pouyanne to Mozambique

President Daniel Chapo. The Southern African country's oil and gas regulator is coming up with its own estimate of the additional costs and has not said when that will be ready.

Pouyanne's Oct. 24 letter said the prolonged halt to development had pushed out the expected initial LNG cargo to the first half of 2029 from July 2024. "To compensate partially (for) the economic impact of the extended force majeure ... the concessionaire respectfully requires the government” grant a 10-year extension of the development and production period, giving the companies more time to recover on their investment. The project is owned by TotalEnergies (26.5%), Japan's Mitsui (20%), Mozambique’s ENH (15%), three Indian companies (30% in total) and Thailand's PTTEP (8.5%).

Japanese gas buyer pays $1.5 billion for U.S. Haynesville Basin stake

(Oil Price; Oct. 22) - Japan’s power generation major JERA will pay $1.5 billion for natural gas assets in the Haynesville Basin, the company said Oct. 22, in line with plans to boost its exposure to U.S. gas. The Japanese company will buy the assets from Williams and GEP Haynesville II, JERA said in a press release, adding that the assets produce some 500 million cubic feet gas daily and feature 200 undeveloped locations. The Haynesville stretches from western Louisiana into eastern Texas.

The deal includes a provision to boost output from the assets to 1 billion cubic feet per day, JERA said. “The U.S. energy sector is leading the way in the global LNG market and JERA’s investments have lined up accordingly,” John O’Brien, JERA Americas’ chief executive officer, said. “The upstream Haynesville acquisition is a strategic addition to our asset portfolio, enabling us to advance our unique supply chain expertise while deepening our commitment to America’s energy future.”

Tokyo Gas signs deal to “gather information’ on Alaska LNG

(Nikkei Asia; Oct. 24) - Japan's Tokyo Gas has signed a deal to explore purchasing liquefied natural gas from a project in Alaska that U.S. President Donald Trump has been pushing to get off the ground, just days before Trump will visit Japan for talks with new Prime Minister Sanae Takaichi. The company becomes the second Japanese firm to sign a so-called letter of intent after JERA, Japan's largest power producer, inked one in September. The U.S. has put more pressure on Tokyo to stop buying Russian LNG.

The deal, signed between Tokyo Gas and Glenfarne Group, the developer of the Alaska LNG project, is not legally binding, the Japanese company said. But Tokyo Gas said it will allow the company to "gather information on the project's development and consider its economics, with an eye toward future LNG procurement possibilities." The long-promoted $44 billion project is a poster child of Trump's second term, under his push to expedite the development of his country's natural resources.

Trump has pressed countries like Japan, the world's second-largest LNG importer, to invest in the project throughout Washington's tariff negotiations. The negotiations saw — in addition to the reduction of automobile tariffs and Japan's pledge of $550 billion investments in the U.S. — an agreement from both parties to explore "a new offtake agreement" for Alaska LNG. Tokyo Gas signed a similar letter of intent back in 2017 with the state-owned Alaska Gasline Development Corp., the developer of the project before Glenfarne took control this year, but that agreement lapsed in June this year.

Japan's trade minister says Russian LNG plays 'important role'

(Reuters; Oct. 23) - Liquefied natural gas supplies from Russia's Sakhalin-2 project play an "extremely important role" in Japan's energy security, and replacing them would be costly and cause higher electricity prices, Japan's industry minister said on Oct. 23. Ahead of U.S. President Donald Trump's visit to Japan next week, U.S. Treasury Secretary Scott Bessent has urged Tokyo to stop its Russian energy purchases, which mainly consist of LNG that accounts for 9% of Japan's imports of the fuel.

Ryosei Akazawa, a 64-year-old trade veteran appointed as minister of economy, trade and industry under new Prime Minister Sanae Takaichi, told reporters that Asia's LNG market was expected to be tight. "If LNG is procured alternatively from this market (to replace Sakhalin-2 supply), the LNG procurement price will soar and the electricity price will bounce back," said Akazawa, who led recent Japan-U.S. trade talks that resulted in U.S. tariff reductions on imported goods from Japan.

Most of Japan's Sakhalin-2 LNG contracts expire between 2028 and 2033, and early termination would result in fines for Japanese buyers and force them to seek alternative supplies on the spot market, where options could be limited due to competition. Akazawa said he would like to cooperate with the Group of Seven and other parties to consider what is necessary for Japan's national interests. Japan covers most of its energy needs from imported fossil fuels.

Pipeline operator Williams Cos. buys 10% stake in Louisiana LNG

(Bloomberg; Oct. 22) - Woodside Energy sold stakes in its Louisiana liquefied natural gas export plant and a connected pipeline to U.S energy infrastructure and pipeline operator Williams Cos. Williams will acquire 80% ownership of Driftwood Pipeline — which operates two interstate pipelines that will deliver gas to the LNG project — as well as a 10% stake in the LNG plant, it said in a statement. The Oklahoma-based company expects to invest about $1.9 billion to help develop the pipeline and LNG plant, it said.

The move comes as U.S. developers race to cash in on the LNG export boom that has made the nation the top exporter of the fuel. But plants still in development face a tight deadline: By 2027, global LNG supply will exceed demand, according to BloombergNEF. After Williams' investment, Woodside's total expected capital spend of $11.8 billion on Louisiana LNG has been reduced to about $9.9 billion, the Australian company said in a separate release. Williams will assume 10% of Louisiana LNG's offtake obligations as well, or about 1.6 million tonnes of the fuel per year.

The project is on track to deliver its first shipment in 2029, said Woodside CEO Meg O'Neill. Woodside bought the project last year after the original developer ran into financial challenges before reaching a final investment decision. Woodside took FID earlier this year on the project, planned for more than 16 million tonnes annual production capacity in its first phase. Williams will pay $378 million for the stakes in the pipeline and LNG plant, including a share of the capital spent on the project since Jan. 1, the effective date of the transaction, plus future capital calls, Woodside said.

Woodside looks to sell more of Louisiana LNG project to reduce risks

(Wall Street Journal; Oct. 22) - Woodside Energy signaled a major investment by U.S.-based Williams Cos. in Louisiana LNG likely won't be its last sale of equity in the $17.5 billion project as it seeks to lower its capital commitments and bring in additional skills. "We'd like to bring in another partner or partners," said CEO Meg O'Neill in an interview.

Woodside has agreed to sell to Williams a 10% interest in the holding company of the Louisiana LNG project, which aims to produce 16.5 million tonnes of liquefied natural gas a year in the first phase of development. Construction is underway, with first LNG output targeted in 2029. O'Neill said the deal with Williams marked another key step in reducing risks around the project. It follows an earlier $5.7 billion deal to sell a 40% interest to international infrastructure investment firm Stonepeak.

Together, the deals have helped to reduce Woodside's share of construction costs at a time when it is also investing in other projects, such as an oil field in the Gulf of Mexico.

Tax incentives for Gulf Coast LNG projects at issue in lawsuit

(Energy Wire; Oct. 23) - Freeport LNG, one of the nation's largest natural gas export terminals, has reaped hundreds of millions of dollars in state and local tax incentives over the past decade. One of those tax breaks is under scrutiny in Texas following the firing of a small-town official who suggested it was time to demand more money. Tammi Cimiotta had been administrator for the beach town of Quintana, population 25, which sits in the shadow of the LNG plant. She said she was fired last spring by "corrupt" town council members who are employed by Freeport or have financial ties to the company.

She filed a federal lawsuit over the summer. The lawsuit's allegations of a "property-tax avoidance scheme" orchestrated by Freeport LNG raises questions about how liquefied natural gas export plants lining the Gulf Coast maintain their tax incentives years after they've become operational and often profitable. A 2023 analysis of tax breaks in the terminal's home county of Brazoria — commissioned by critics of the company — said local governments had given away tax breaks of nearly $2.2 billion over 10 years, with about half of that going to Freeport.

The study, done for a group called Better Brazoria, said Freeport's tax breaks add up to $6 million for each promised job. More broadly, six of the giant terminals in Louisiana and Texas that have begun exporting gas in the past 10 years have been granted more than $20 billion in tax breaks, according to data compiled and released last year by the Sierra Club and environmental groups. Freeport LNG spokesperson Heather Browne declined to comment beyond court filings, but said in an August statement to the local newspaper that the allegations were "baseless" and "completely false."

First Nations go to court to stop LNG project near Alaska border

(The Canadian Press; Oct. 23) - Two First Nations in northwest British Columbia are taking the federal government to court to quash a decision approving the Ksi Lisims floating liquefied natural gas facility and marine export terminal north of Prince Rupert. The Lax Kw'alaams Band and the Metlakatla First Nation filed separate judicial reviews in federal court earlier this month, alleging the provincial minister of environment and climate change ignored their concerns about the adverse impacts of the LNG project.

The Impact Assessment Agency of Canada announced last month that the minister had given the green light to the facility just miles from the border with Alaska. Federal Energy Minister Tim Hodgson hailed the decision as an example of the federal government's "one project, one review" system in which it relied on the province for its assessment. But the Metlakatla First Nation says in court documents that the decision relied on "speculative economic concepts" to justify the project's adverse impacts, while ignoring "mounting evidence" that it's not economically feasible.

The Lax Kw'alaams Band said in court documents that the project is in its traditional territory and threatens to displace its Aboriginal rights. The Metlakatla First Nation and Lax Kw'alaams Band have outstanding Aboriginal title claims for the Mylor Peninsula, where construction of a transmission line is proposed. The development partnership of the Nisga'a Nation and gas producers wants to install a floating liquefaction plant off Pearse Island to produce up to 12 million tonnes of LNG a year. The partnership has not yet taken a final investment decision on the project, estimated at more than C$10 billion.

Hawaiʻi could find itself in LNG partnership with Japanese company

(Honolulu Civil Beat; Oct. 23) - For more than a decade, natural gas was off the table as an energy source for Hawaiʻi, following former Gov. David Ige's edict that trying to import liquefied natural gas would distract the state from its mandated goal of producing 100% of its electricity with renewables by 2045. Now Gov. Josh Green is bringing natural gas back, a move his team says will lower carbon emissions and electric bills for residents while moving the state toward its renewables goal.

A tentative agreement between Green's office and Tokyo-based JERA last week could bring LNG to Hawaiʻi. It could also unlock a $2 billion investment into Hawaiʻi's energy system — nearly equal to the market value of Hawaiian Electric's parent company. If it goes through, the investment would make JERA a major player in Hawaiʻi, expanding business between the islands and Japan, a major tourism market and ancestral home of almost a quarter of Hawaiʻi residents. It would transform the state's energy economy.

JERA's six-page, non-binding agreement with Hawaiʻi calls for the company to pay for fuel-flexible infrastructure with the goal of starting with imported LNG and transitioning to renewables such as hydrogen by 2045. Opening the door to LNG in Hawaiʻi wouldn't need legislative approval. But regulatory changes would have to go through the Public Utilities Commission, and projects would be subject to environmental reviews and permitting. Environmentalists have expressed opposition to the effort, which would deviate from the state's clean-energy goals.

Malaysia imports more coal so that it can export more LNG

(Reuters commentary; Oct. 24) - It's not just the U.S., Qatar and Australia that are vying for a share of the lucrative LNG export market. Malaysia wants a cut too, and is retooling its own power generation system to do it. So far in 2025, Malaysia has lifted its imports of thermal coal to a record and boosted coal-fired electricity generation to all-time highs, data from Kpler and Ember shows. Malaysia's coal binge allows the country — the world's 11th largest natural gas producer — to free up gas supplies for export as liquefied natural gas and generate valuable trade revenues in the process.

The coal-for-gas adjustment comes at a cost, as the country needs to import a majority of its coal supplies, and it has resulted in a surge in power-sector emissions to the highest on record this year. But the coal boom is justified by the fact that the country rakes in roughly twice as much income from LNG exports as it spends on coal imports. Malaysia's LNG export drive looks set to persist, even though the extra LNG the country is looking to sell may add to already oversupplied global markets in the years ahead.

Malaysia produces between 3 million and 4 million tonnes of thermal coal a year, according to the U.S. Energy Information Administration, but imports around 30 million to 35 million a year, Kpler data shows. Those coal imports — mainly from neighbor

Indonesia — cost around $5 billion to $6 billion a year, according to customs data. By steadily increasing coal's share of its electricity generation mix, Malaysia has been able to sharply cut natural gas' share of electricity production. Reduced use of gas for domestic power generation has allowed Malaysia to boost gas supplies for export.