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IN ENERGY, INDIA IS AN AGENT OF CHANGE

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India became the world's great buyer of Russian crude after Western sanctions redirected Moscow's oil away from Europe. The resulting chain captures the extraordinary capacity for adaptation of today's global economy. India is becoming important in the emerging energy hierarchy and one of the places where the global economy's restructuring is being shaped.

In early August, an Oman-flagged tanker arrived at the Russian Arctic port of Vitino carrying roughly 68,000 tonnes of gasoline. The cargo had begun its journey thousands of kilometres away at Vadinar on India's western coast. It was subsequently transferred from another tanker at the Port Said anchorage in Egypt before travelling north to Russia, where the fuel began moving by rail to domestic consumers. At least two additional Indian gasoline cargoes were expected to follow.

There was nothing extraordinary about the gasoline itself. What was extraordinary was the destination.

Russia is one of the largest oil producers on earth. Before the invasion of Ukraine, its refineries processed around 5.6 million barrels of crude per day, and the country exported approximately 2.8 million barrels per day of petroleum products[i]. As recently as 2025, Russia still exported almost 5 million tonnes of gasoline during the year. Yet in the summer of 2026, one of the world's great petroleum powers found itself importing motor fuel from India while Russians queued outside filling stations in Moscow.

The paradox becomes more striking still. India became the world's great buyer of Russian crude after Western sanctions redirected Moscow's oil away from Europe. And the Indian refinery associated by traders with gasoline sales to Russia is Nayara Energy's Vadinar refinery, in which Russia's state-controlled Rosneft owns 49.13 per cent. Reuters reported in July that Vadinar was processing only Russian crude after other suppliers withdrew following European sanctions on Nayara.

The resulting chain captures the strange circularity of today's global economy, but also its extraordinary capacity for adaptation. Russia continues to export crude oil, much of it to India, where it is refined into products such as gasoline. Traders then move those refined fuels through intermediary markets and shipping routes before, in some cases, selling them back to Russia itself. Rather than severing economic ties, war and sanctions have forced them to mutate. Trade has become more circuitous, more expensive and more politically conditioned, yet flows continue through new actors, routes and jurisdictions.

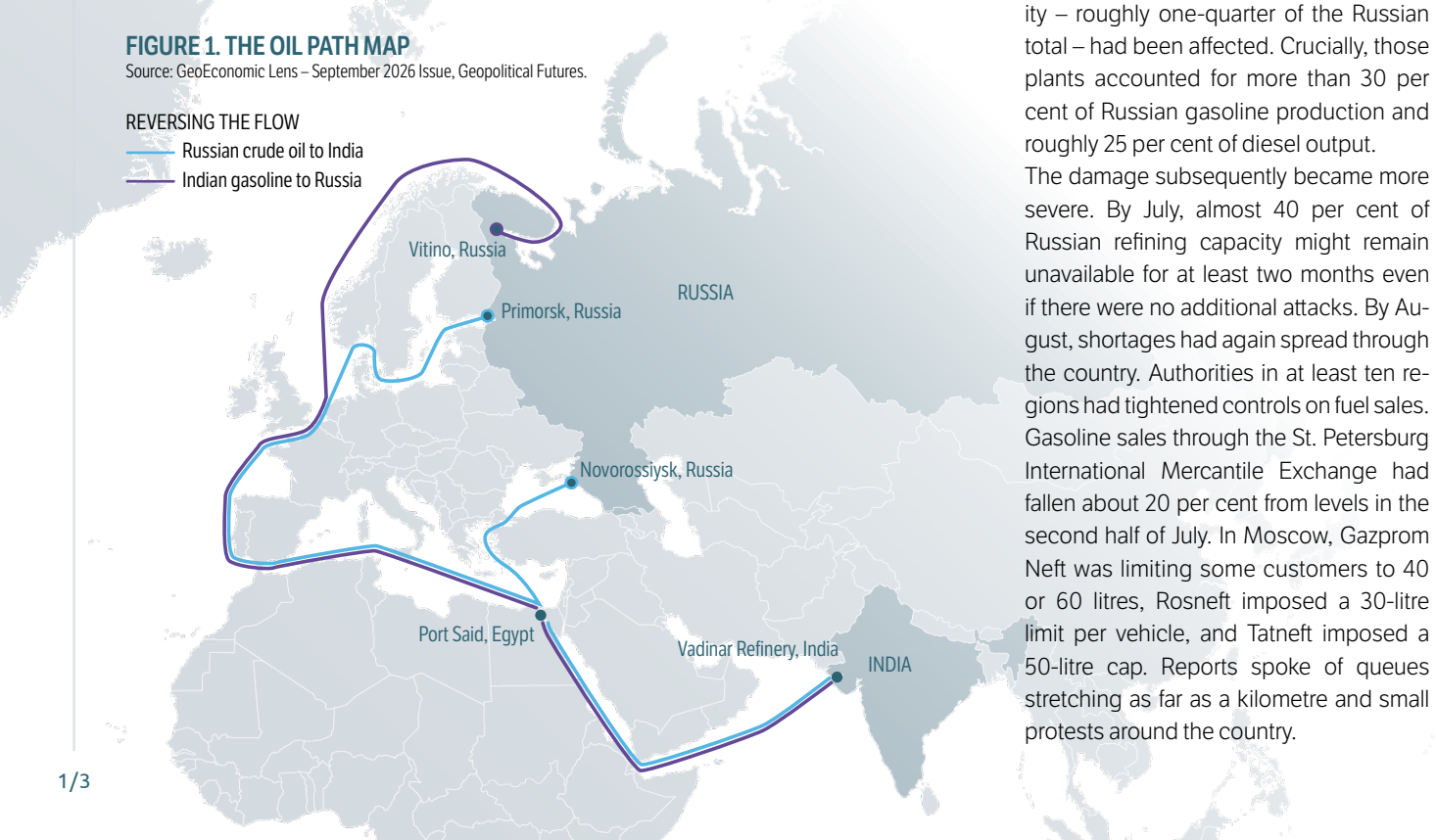
While the 2026 sanctions are likely the last round of significant sanctions the West can impose on Russia, the war is not necessarily going to end or negotiations will start because of this. It all depends on how adaptive Russia is. This is why the recent months are important in teaching us that.

An economy needs refineries capable of separating and converting petroleum into gasoline, diesel, jet fuel, lubricants, petrochemical feedstocks and other products. Refining is a strategic industrial asset – and therefore an increasingly important target in modern economic warfare. The Russian refinery capacity is down not because of sanctions, but because of Ukraine spending time to hit that – by May, repeated drone strikes had forced virtually all major refineries in central Russia either to halt or reduce production. Plants representing more than 83 million tonnes of annual refining capacity – roughly one-quarter of the Russian total – had been affected. Crucially, those plants accounted for more than 30 per cent of Russian gasoline production and roughly 25 per cent of diesel output.

The damage subsequently became more severe. By July, almost 40 per cent of Russian refining capacity might remain unavailable for at least two months even if there were no additional attacks. By August, shortages had again spread through the country. Authorities in at least ten regions had tightened controls on fuel sales. Gasoline sales through the St. Petersburg International Mercantile Exchange had fallen about 20 per cent from levels in the second half of July. In Moscow, Gazprom Neft was limiting some customers to 40 or 60 litres, Rosneft imposed a 30-litre limit per vehicle, and Tatneft imposed a 50-litre cap. Reports spoke of queues stretching as far as a kilometre and small protests around the country.

FIGURE 1. THE OIL PATH MAP

Source: GeoEconomic Lens – September 2026 Issue, Geopolitical Futures.



Moscow banned gasoline exports, restricted diesel exports, relaxed fuel-quality requirements, released inventories and increased imports. In other words, it adapted. Russia was buying gasoline by rail from Belarus and Kazakhstan. It also imported a roughly 30,000-tonne gasoline cargo from Morocco. By July, Belarus alone was sending Russia a record 212,000 tonnes of gasoline per month; cumulative January-July Belarusian gasoline exports to Russia were twenty-five times their level during the same period a year earlier.

However, with Russian gasoline production had fallen to around 65 per cent of seasonal consumption, leaving an estimated daily shortage of 40,000–45,000 tonnes against consumption of roughly 115,000–120,000 tonnes per day, Russia still needs to seek other import sources. That puts the 68,000-tonne Indian cargo into perspective. It represented only around half a day's gasoline consumption for Russia as a whole. But it was equivalent to roughly a day and a half of the estimated national shortfall.

What it demonstrated was that Russia had crossed an important threshold: shortages had become large enough for a country traditionally exporting fuel to construct entirely new import routes to keep domestic supplies moving.

But the story cannot be understood from Russia alone. The second great transformation represented by the tanker is the rise of India as an intermediary in global energy flows.

Before the invasion of Ukraine, Russia was a relatively minor supplier of crude to India. Indian government data show Russia's share rising from under 3 per cent in 2021 to nearly 40 per cent by 2023, as Western sanctions and Europe's retreat from Russian oil created heavily discounted barrels that Indian refiners were willing to buy.

India has therefore acquired a role that Europe once played in the Russian energy system—but with an important difference. Europe primarily consumed Russian hydrocarbons. India also transforms them.

By July 2026, the transformation was astonishing. Russia supplied 50.83 per cent of India's crude imports, equivalent to 2.47 million barrels per day. During the first four months of India's current financial year, Russia averaged more than 2 million barrels per day and accounted for 43.25 per cent of Indian imports. The Middle East's share, meanwhile, had fallen from 43 per cent a year earlier to around 30 per cent[ii].

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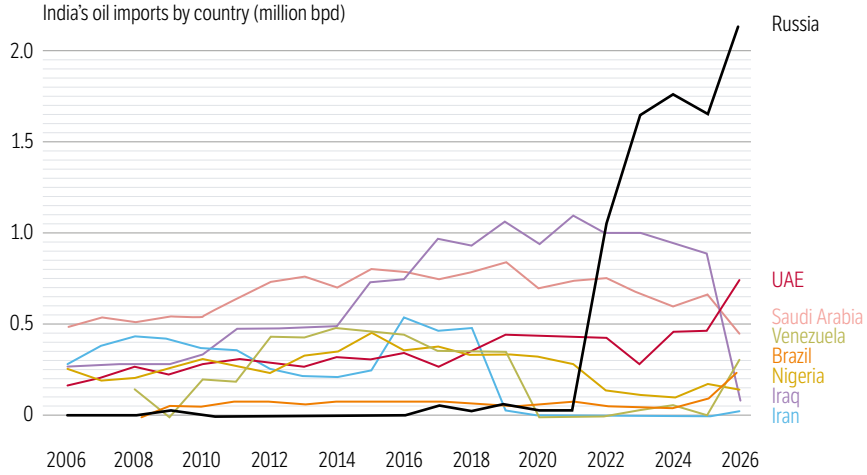
India possesses roughly 5.6 million barrels per day of refining capacity across 23 refineries and has become one of the world's most important exporters of petroleum products. Between April 2025 and January 2026 alone, India exported approximately 14 million tonnes of gasoline and 23.6 million tonnes of gasoil. This way, refining turns India's dependence on imported crude into strategic influence.

Russia understood India's value is sophisticated conversion capacity, ports, traders and access to multiple markets. Coincidentally – since 2014, when Russia confronted with first Western sanctions due to the annexation of Crimea, Moscow has not only made diplomatic gestures to pursue its own "Eastern Pivot" – like setting up the Eastern Economic Forum or becoming more vocal within BRICS. It has also grown ties with India and, in 2014, Russian energy company signed a ten-year agreement covering up to 100 million tonnes with Essar Oil, the owner of Vadinar refinery. Two years later, in 2016, Russia's Rosneft acquired 49% of Essar Oil – now called Nayara Energy. This is the single most important Russian strategic investment into Indian energy sector. In 2016, Rosneft said the acquisition would give it access to the fast-growing Indian market, strengthen its trading position in Asia-Pacific markets, and create synergies through Vadinar's ability to process heavy crude – including Venezuelan grades linked to Rosneft's upstream interests and PDVSA contracts at the time. Ten years since, Rosneft has invested into expanding Nayara and starting the 2020s, it has increasingly signed crude-supply agreements with Indian refiners, including Indian Oil and later Reliance it is one of the key nodes linking Russian crude to India's downstream oil system. Located on India's west coast in Gujarat, on the Gulf of Kutch, the Vadinar refinery is Nayara Energy's flagship asset and India's second-largest single-site refinery. Nayara says Vadinar contributes roughly 8 per cent of India's refining output.

India is however careful with regards to maintaining its reputation as clean as possible, considering the current war and the ongoing growing waves of Western sanctions. And so is Russia, who owns part of one of the most important Indian refining assets. Reuters reported in July that traders had sold gasoline produced by Nayara to Russia. Nayara itself said that it had neither sold nor planned to sell fuel directly to Russian companies. India's oil minister likewise said Indian companies were not selling fuel directly to Russia, although he acknowledged that Indian-origin fuel could reach Russia through traders. That distinction – between direct trade and trade through intermediaries – is not incidental.

FIGURE 2. INDIA'S MAJOR OIL SUPPLIERS (2006-2026)
Source: Reuters.



It is one of the defining features of the new global economy. Much commentary about the post-2022 economy describes a process of "deglobalisation". The Indian gasoline tanker confirms, however, what our model says: we are in a restructuring process. Globalisation has not necessarily disappeared. Instead, direct connections are being replaced by indirect ones.

More, the Russian Eastern pivot seems to be in full display for a number of years now – at least for when it comes to energy. Before 2022, Russian oil flowed predominantly westward, with Europe as Moscow's main energy market. In 2021, Russia exported roughly 4.7 million barrels per day of crude and 2.8 million barrels per day of petroleum products, much of it to Europe[iii]. By 2025, however, the geography of Russian energy trade had been largely reversed: Moscow reported oil exports of 238 million tonnes, around 80 per cent of which went to China and India, while deliveries to Europe fell from roughly 175 million tonnes before sanctions to about 25 million tonnes[iv].

Oil was rerouted through longer and more complex supply chains, including Indian and Turkish refineries that processed Russian crude and re-exported refined products elsewhere. The Centre for Research on Energy and Clean Air estimated that, in the third year after the full-scale invasion, G7-plus countries imported €18 billion worth of petroleum products from six Indian and Turkish refineries processing Russian crude, around €9 billion of which was derived from Russian oil[v]. The EU's 18th sanctions package from July 2025 sought to close this loophole by banning imports of refined products made from Russian crude in third countries. Even so, such measures do not remove refining capacity; they redirect trade flows. Sanctions should therefore be understood not only as barriers to commerce, but also as forces that have reorganised it. The shortest commercial route is no longer necessarily the most viable, as efficiency is increasingly subordinated to sanctions compliance, strategic ambiguity and security.

With this, there is another transformation under way for the global economy. For much of the twentieth century, energy geopolitics focused on who possessed oil. The disruptions of 2026 suggest that the more important question may increasingly be who can refine it. The IEA estimated global refinery throughput at just 80.9 million barrels per day in July, almost 5 million barrels per day below the previous year, while seaborne petroleum-product trade also fell sharply[vi]. At the same time, war in the Middle East, Ukrainian attacks on Russian refineries and crude-supply constraints in Asia created an unusual divergence: crude could still be available even as gasoline, diesel and jet fuel remained scarce and expensive.

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Russia is only one part of that wider refining crisis. By August, Ukrainian attacks had reportedly pushed Russian refinery throughput below 4 million barrels per day, while more than 20 per cent of Middle Eastern refining capacity is offline[vii]. European diesel margins rose sharply as product supply tightened. In this environment, India's importance increased because its refining system represented a sort of "spare geopolitical" capability. As Russian and Middle Eastern fuel supplies contracted, Indian and U.S. refiners increasingly acted as swing suppliers, with Indian exports of light and middle distillates reaching about 1.29 million barrels per day in both July and August[viii].

The emerging energy hierarchy may therefore depend less on resource ownership alone than on the combination of resources, refining, shipping, finance and political access. India is important because it possesses several of these advantages at once: large refining capacity, access to multiple crude suppliers, strong export infrastructure and the ability to redirect products toward whichever markets remain commercially and politically open.

India's emergence at the centre of the new oil trade is not merely opportunistic. It reflects a deeper geopolitical imperative. India's economy depends on access to the Indian Ocean and the maritime routes connecting it with global markets. This dependence pulls New Delhi toward cooperation with Western maritime powers, particularly the United States and France[ix]. Yet India's enormous energy requirements simultaneously compel it to seek reliable and inexpensive suppliers wherever they can be found. Russia therefore remains economically useful even as India deepens strategic ties with the West. The apparent contradiction is, in fact, the essence of Indian strategic autonomy: New Delhi cannot afford exclusive alignment with either camp.

That is precisely why India has become so important to today's geoeconomic transformation. As trade routes fragment and political alignments become less decisive than access, capacity and connectivity, India is not simply adapting to the restructuring of the global economy – it is becoming one of the places where that restructuring is being shaped. For countries forced to adjust to this new normal, Russia foremost among them, India is increasingly indispensable: not because it replaces old markets one-for-one, but because it provides the political flexibility needed to build new ones. ●

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Notes

A shorter version of this article was originally published in GeoEconomic Lens – September 2026 Issue, Geopolitical Futures.

[i] IEA (2022), Energy Fact Sheet: Why does Russian oil and gas matter? International Energy Agency, Paris. https://www.iea.org/articles/energy-fact-sheet-why-does-russian-oil-and-gas-matter

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[v] See "G7+ countries' imports from refineries using Russian crude – March 2024 to February 2025" (Graphic), in CREA (2025), Three Years of Invasion: EU imports of Russian fossil fuels in third year of invasion surpass financial aid sent to Ukraine, Centre for Research on Energy and Clean Air, p.16. https://energyandcleanair.org/wp/wp-content/uploads/2025/04/CREA_Analysis_Third-year-of-invasion_24.02.2025_REVISED_10.04.2025.pdf

[vi] IEA (2026), Oil Market Report – August 2026, IEA, Paris.. https://www.iea.org/reports/oil-market-report-august-2026

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[ix] Regarding the United States and France, see Antonia Colibasanu, "The Future of the BRICS" (August 21, 2023; https://geopoliticalfutures.com/pdfs/the-future-of-the-brics-geopoliticalfutures-com.pdf), and "Why France and India Are Natural Partners" (July 20, 2023; https://geopoliticalfutures.com/why-france-and-india-are-natural-partners/), Geopolitical Futures.