

# Changed Global Oil Dynamics may Help Indian Refiners Extract A Better Deal

Weak demand outlook and increased US supplies have influenced oil prices

## Our Bureau

**New Delhi:** The international oil market has changed in a year and will influence the way India negotiates its annual crude purchase deals for next year as the country is witnessing fuel consumption growth while global demand is forecast to be weakening, a petroleum ministry official said.

“When we sit down with them (suppliers) in December or January, for both sides the negotiating positions would be very different from what they were last year,” said the official, who didn’t want to be named. “The market of December 2024 is not the market of December 2023.”

“What has changed in the market is that whether it’s IEA or OPEC, they are bringing down their estimates for world demand,” he said, adding that India was in a different position as it is experiencing a demand increase.

Weak demand outlook and increased supplies from the US have influenced global oil



prices, which have fallen a fifth in about five months.

Indian refiners may try to leverage the changed market conditions to extract better purchase terms from suppliers. While the purchase prices are set around benchmarks, which keep changing, several other terms are also rigorously negotiated such as the credit period, volumes, makeup cargoes and flexibility concerning ports, the official said.

The government will pass on the benefits of a proposed oilfield law to the winners of the ninth exploration licensing

round, which is closing on Saturday, the official said.

The government introduced the Oilfields (Regulation and Development) Amendment Bill, 2024 in the last session of the Parliament. Once passed, it would provide oil and gas producers policy stability, a scope for international arbitration in case of dispute and the possibility of a longer lease.

“We are hoping to see the passage of the ORD Act in the winter session. If we are successful there, then it opens the way for us to make changes in our

contracting framework for round X,” the official said, adding that the ministry is targeting to launch the 10th round early next year.

The ninth round, which was launched at the beginning of this year, will close on Saturday after several deadline extensions. “Bids will be received, but round IX contracts will probably get signed sometime early next year,” he said, adding that the government has “assured” that the benefits of the ORD Act amendment will be factored into the licensing contracts for the winners of the round IX.

It has been hard for India to attract foreign investors despite several policy reforms in the past decade. The latest proposed law aims to address some of the key concerns of foreign investors on policy stability and dispute redressal.

The official said that the current global oil market is fairly volatile and the state-run oil marketing companies will wait before considering passing on the benefits of reduction in crude prices to consumers.