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Utpal Bhaskar, Rituraj Baruah

India had stopped sourcing crude via long-term contracts from Colombia's Ecopetrol in 2015



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NEW DELHI : India's efforts to diversify its energy basket by importing crude oil from non-Opec sources are bearing fruit as it is set to sign long-term contracts to procure at least 2 million tonnes (mt) of crude from Brazil's Petroleo Brasileiro SA (Petrobras) and 1 mt from Colombia's state-run Ecopetrol SA, two government officials in the know said.

This follows government-to-government negotiations on preferential pricing for India and supply stability in a highly volatile global energy market, the officials said, seeking anonymity.

Pankaj Jain, secretary, ministry of petroleum and natural gas (MoPNG), will travel to Brazil next week to sign the contract, they added.

The development assumes significance as India, the world's third-largest oil importer, has been trying to convince the Organization of Petroleum Exporting Countries (Opec) and its allies to find a balance between the needs of suppliers and consumers but has so far failed to negotiate a fair deal.

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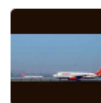
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Mourners line up for miles



India is a key Asian refining hub with an installed capacity of more than 249.36 million tonnes per annum (mtpa) through 23 refineries.

For the first time, New Delhi will be inking a long-term supply deal with Petrobras, one of the few global oil majors increasing production.

India had stopped sourcing crude via long-term contracts from Colombia's **Ecopetrol** in 2015. The latest step follows the country's largest refiner, Indian Oil Corp. Ltd (IOC), commissioning its 15 mtpa Paradip refinery, which has a complexity factor of 10.7 based on the Nelson Index and can process high-sulphur crude.

"A delegation from MoPNG will travel to Brazil next week, accompanied by businessmen, as part of efforts to strengthen ties between the two countries in the energy sector and as a follow-up to the very successful visit last April of the minister of mines and energy of Brazil to India," Andre Aranha Correa do Lago, Brazilian ambassador to India said in an interview.

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Mariana Pacheco Montes, the Colombian ambassador to India, also confirmed the development.

"India is going to sign long-term supply agreements for crude from Brazil and Colombia. This is a part of de-risking our oil supply chain. In long-term contract, you get preferential pricing. Long-term contracts help avoid the vagaries of the market. Though diversification is highly desired, it is not something that happened in the recent past," said one of the two officials cited above.

Queries emailed to spokespeople for India's oil ministry, Petrobras and **Ecopetrol**, and IOCL on Wednesday did not elicit any response till press time.

New Delhi's latest strategy also gives a signal to Opec+ grouping, to which India has been requesting to boost output amid record high prices of petroleum products in the country. Global energy markets are in a frenzy with surging prices across fuel sources such as crude oil and gas, with India particularly at a **dis**advantage, as any increase in global prices has the potential to affect its import bill, stoke inflationary pressures and widen

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the trade deficit.

India is dependent on imports for as much as 85% of its oil needs and 55% of its natural gas demand.

“We are also signalling to Opec plus. Brazil is neither a member of Opec nor Opec plus. Brazil is among the few countries that are increasing crude oil production,” said the official cited above.

Opec’s production cut has been weighing heavy on India’s energy market.

While crude imports by state-run firms from West Asia were 69% or 88.9 mt out of total imports of 128.8 mt, it fell to 63.49% or 69.9 mt out of total imports of 110 mt during FY21 after Opec cut output from May 2020.

“We are looking at diversification to non-Opec countries. For us,

“We are also signalling to Opec plus. Brazil is neither a member of Opec nor Opec plus. Brazil is among the few countries that are increasing crude oil production,” said the official cited above.

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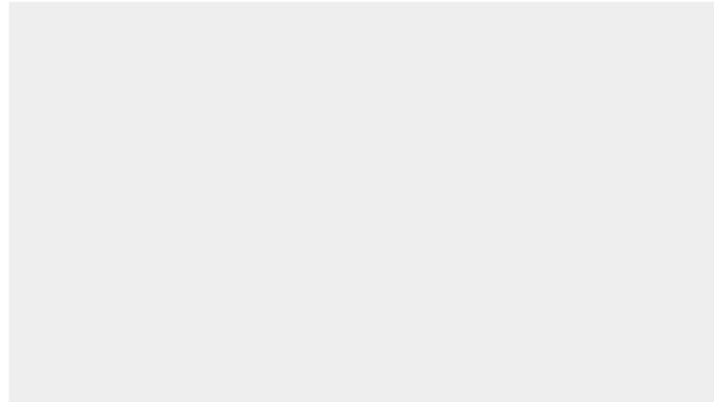
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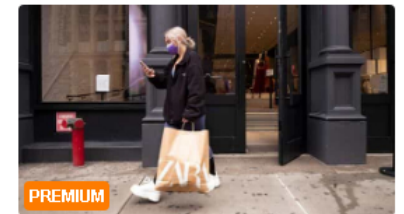
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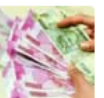
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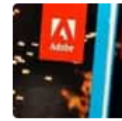
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