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### China will continue taking Russian crude at least until the end of this year.

And especially if prices of other grades stay high. In May, Russian crude averaged \$93.6/bl, about 15% below the grade from Saudi Arabia, so it overtook Saudi Arabia for the first time in 19 months. Russian crude is now the second lowest price after Malaysian grades and let's remember that those cargoes are also blended.

### Why is China not producing and exporting more products at these prices?

Energy security comes first, and we are facing much greater uncertainties than before. For the first five months of this year, China put about 1.2 million barrels per day of crude into storage at such high prices. Last year, when prices were not so high, we just put 280,000 bd into storage. It's one thing to understand why the government is forcing refineries to cut production when domestic demand is not strong, but most of all, it's trying to ensure energy security.

### What's the outlook for domestic demand recovery?

It's not recovering so fast now. Diesel demand recovered faster in May but that has stalled because of the hot weather and rain in southern regions, so diesel demand is not growing. And despite high stockpiles, they are not exporting more gasoline or diesel because of the government policies. ■

*\*Paraphrased Comments*

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