



The Daily Dish

The POTUS-Putin Diesel Deal

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Eakinomics is fueled by a deep reservoir of frustration and disappointment. Sometimes the well flares and is quickly vented, while on other occasions a combustible mix emerges after building over a sustained period of reflection. An example of the latter is the “deal” announced on October 9 for the United States to drop sanctions on Russian diesel fuel and purchase large quantities of it.

Financing the Russian war machine in this way is tantamount to simply shipping weaponry and munitions to Russia. Terrible idea. It’s also probably illegal, violating the [Ending Importation of Russian Oil Act of 2022](#). But who cares about the law when playing footsie with Vladimir Putin?

This was merely enraging, not quite rising to the anger threshold needed to kickstart work on the Daily Dish. But it became increasingly clear that the deal would not do a damn thing for retail prices of diesel, especially over the next month, which was the whole point.

The [deal](#) as announced was:

Trump announced that Russia will immediately supply more than 300,000 tons of diesel, followed by an additional 500,000 tons in November and 1 million tons immediately after. Russia will deliver an additional 3 million tons “within a short period of time” after that.

This does nothing for the United States – a [surplus diesel producer](#), refining roughly 5.3 million barrels per day (b/d) and consuming 3.6 million b/d. It exports 1.5 million b/d to account for 20 percent of the total seaborne trading volume of diesel at 8 million b/d. The Russian contribution to this supply simply will not move the needle.

Finally, one may not want to take the deal at face value. Can Russia deliver the promised

amount of diesel exports? The International Energy Agency [concludes](#):

The recently announced easing of Russian diesel export restrictions is unlikely to materially alter the global gasoil market balance as the current export constraints stem from a lack of operational Russian refinery capacity.

This is exacerbated by the fact that Ukraine [has resumed attacks](#) against Russian refineries.

So, arm the Russians, betray Ukraine, and have no discernible impact on the market for diesel fuel. It's beyond infuriating.