

Regions Suffering Gasoline Deficit

By [The Moscow Times](#)

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The world's largest oil producer faces a regional fuel supply crisis that could quickly spread after an order by Prime Minister Vladimir Putin to curb domestic pump prices led oil firms to increase export volumes.

Shortages that have been building since Putin told oil firms in February to restrain retail prices came to a head last weekend, when almost all independently owned gasoline stations in Altai, a Siberian region to the north of Kazakhstan, ran out of fuel.

If they spread, the shortages could eventually hurt the popularity of Putin, who as head of the government bears direct responsibility for economic policy, in the run-up to the presidential election due next March.

The owners of independent depots in the Moscow region, who purchase gasoline from refiners and sell it on the wholesale market to independent gas stations, to other companies or on oil product exchanges, said the situation in Moscow was no better.

"We have been sitting practically empty for the whole month of April. There is absolutely nowhere to buy fuel," the director of the Serpukhov tank farm in southern Moscow said.

The Serpukhov tank farm, which also operates a string of gas stations in Moscow, used to buy fuel from Gazprom Neft's Moscow and Yaroslavl refineries, from Bashneft's Ufa refinery and TNK-BP's Ryazan refinery.

"None of them are selling now. And the lines for gasoline at Volodarsky go on for kilometers," he said, referring to queues of tanker trucks at a huge Moscow oil product storage facility operated by Russia's oil pipeline monopoly Transneft.

Motorists in Altai are now waiting in long lines at stations belonging to major oil companies, primarily Rosneft and Gazprom Neft, which are still selling fuel.

"Today our drivers have been arriving late to pick up clients because it's so difficult to find a gas station with fuel," Yelena, a taxi dispatcher in the nearby city of Novosibirsk, told Reuters by telephone on Wednesday.

But not all drivers can fill up. The companies are limiting sales to 20 liters per driver in Novosibirsk, Altai and other Siberian regions, and then only for those with customer loyalty cards, regional traders said.

"We are barely, just barely, able to keep our own gas stations supplied in Altai, so our tank farms are not selling any fuel on the wholesale market or to independent gas stations," said a source at Rosneft, Russia's No. 1 oil firm.

Traders at Rosneft's regional depots said their tank farms in the region surrounding Russia's second city of St. Petersburg, as well as the Southern, Urals and Siberian federal districts, are unable to supply the wholesale market and have started limiting deliveries to Rosneft's own gas stations.

Market participants said there was no way Russia could have avoided a gasoline deficit after Putin and Russia's cartel office intervened to curb what they called speculative pricing on the domestic market.

Producers had to drop their pump prices, but continuing price increases on global markets have prompted them to cut domestic sales and sharply increase exports.

In the first quarter of 2011, Russia exported 2.14 million tons of gasoline by rail, or 40 percent more than in the same period in 2010. About 85 percent of Russian gasoline is both exported and dispatched domestically by rail.

Domestic deliveries, meanwhile, fell 6 percent to 5.7 million tons from 6.1 million tons in the first quarter of 2010. Total gasoline production for the quarter, however, remained roughly stable at 8.82 million tons.

Drivers in the Moscow region, as of April 25, paid on average 24.45 rubles (\$0.88) per liter as prices have been restrained since February. Drivers in Russia's more remote regions pay slightly higher prices.

Global gasoline prices have been climbing along with crude since February to 2 1/2-year highs. But even if the government allows producers to raise pump prices in line with global market trends, analysts and oil traders do not think the market will stabilize soon.

Demand for gasoline rises in the summer and will increase as Russians head out of the cities during holidays in May.

"Increasing prices will not help the product return to market. Where will it come from when it has all been sent abroad?" one trader asked.

The Federal Anti-Monopoly Service must intervene to stop monopolists from inflating gasoline prices, said Federation Council Speaker Sergei Mironov.

The service "must urgently intervene in the current situation and stop the monopolies' ugly practices on this market," he told journalists Wednesday.

Gasoline shortages in a number of regions are the result of a monopolists' conspiracy, he said.

"Although oil companies have said they are reducing exports, nevertheless, the reality is that they are increasing such supplies, while inflating retail prices on the domestic market," Mironov said.

LUKoil will boost gasoline, diesel and aircraft fuel supplies from its Russian refineries to the domestic market 18 percent year on year in the second quarter of the year, the company said Wednesday.

LUKoil expects to supply 3.49 million tons of fuel to the domestic market in the second quarter of 2011, compared with 2.95 million tons in the same period of last year.

Meanwhile, Deputy Prime Minister Alexei Kudrin, who is also the country's finance minister, told reporters Wednesday that higher excise taxes are the cause of the gasoline shortage facing a number of regions. There have been no decisions to increase gasoline excises in the last few years, he said.

"The main factors involved in gasoline price changes are not associated with excises. They are subject to world trends, including demand and supply trends," Kudrin said. Producers have to react to demand accordingly, he said.

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