

Russia's Oil Output Set to Fall Next Year

By [The Moscow Times](#)

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Russian oil production, a major source of government revenue, may decline slightly next year, having risen steadily since 2009, the Energy Ministry said Monday.

The ministry said oil production in 2015 was seen at 525 million tons (10.54 million barrels per day) compared to an expected 525.3 million tons this year.

Last year's oil output, which generates 40 percent of state revenues, stood at 523.3 million tons, a post-Soviet high.

Output declined by 0.6 percent in 2008 because of a global financial crisis, but has risen steadily since 2009 thanks to the introduction of a more favorable tax regime and other fiscal measures.

With Russia's \$2 trillion economy heavily dependent on crude exports and on the brink of recession, oil production and prices are closely monitored by the Kremlin. The government is particularly wary now as tensions with the West mount over the Ukraine crisis.

Sanctions imposed by the United States and European Union have not yet hit oil production as the measures are aimed at new projects which are years away from coming on stream. But as Western funding closes off or becomes too expensive, companies are looking to cut investments.

The Energy Ministry said that oil output was seen level in 2016 and would return to a rising trend in 2017 when it was seen at 526 million tons.

It gave no explanation for the decline, saying that it had sent the forecast to the Economy Ministry and that this was the figure that should be used to map out taxation for minerals' extraction as well for social and economic development.

However, oil production has been broadly in decline this year mostly due to the depletion of West Siberia's oilfields and uncertainty over the government's taxation policy.

Russia plans to maintain its oil production at no less than 10 million barrels per day this decade.

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