

Ex-Energy Minister: Russia Could Trim Oil Exports to Boost Prices

By [The Moscow Times](#)

December 29, 2014



Igor Yusufov

Russia may help OPEC to prop up global oil prices by slightly cutting exports in favor of domestic refining, the country's ex-energy minister and a former negotiator with OPEC, Igor Yusufov, told Reuters.

Yusufov, who says he still regularly meets with Gulf OPEC oil ministers, no longer holds any major official position and runs an energy investment company.

He led a delegation which discussed cooperation with OPEC in 2001 and 2002 to support global oil prices and agreed modest cuts, although Russian state and private producers never followed through, in fact increasing exports instead.

Russia, which is pumping an average of 10.5 million barrels per day, is not an OPEC member. Its production has peaked in recent years after steep rises in the early 2000s.

"We have stable volumes — the question is whether we will increase production ... I do not rule out that if we, for example, slightly cut exports, it won't be something terrible. It is a question for each particular company which let's say may refine more in Russia and sell on the domestic market," he said.

Moscow needs oil prices of \$100 a barrel and above to balance its budget. Its finances have been severely hit by Western sanctions over Russia's role in the Ukraine crisis.

Unlike its closest peer Saudi Arabia, the leading player in OPEC, Moscow says it cannot easily cut oil output due to severe weather conditions and a lack of storages. It may increase domestic refining or postpone bringing new fields on stream, says Yusufov.

Russia is gradually cutting crude supplies to the global market as it is increasing domestic refining capacity. Russian oil exports are seen down by a total of 12 million tons between 2013 and 2015.

In November, Russia sent a delegation led by Energy Minister Alexander Novak and Igor Sechin, the CEO of state oil giant Rosneft, to Vienna ahead of an OPEC meeting.

No agreement was reached and OPEC kept its output targets unchanged, triggering a further sell off in oil prices, which are now down almost a half to \$60 per barrel from this year's peaks in June.

Yusufov said he did not expect prices to fall further, staying in the range of \$60–80 per barrel in 2015.

"This is a reasonable corridor which will suit everyone," he said. Yusufov added that Russia needed a special envoy to coordinate dialog with OPEC and global energy firms.

Energy minister from 2001 to 2004, Yusufov made headlines in 2012 when his bid to save the Coryton refinery in Britain was rejected and it was closed.

Yusufov said he was still looking to buy a refinery and turn it into a terminal to help deliver Russian oil to Europe. He also said he was looking to invest in filling stations.

In Russia, Yusufov's Fund Energy works with U.S. oil services firm Halliburton to develop a \$900 million Yamal project due to start in 2017–2018 with output peaking at 3 million tons of oil and 1 billion cubic meters of gas a year.

Original url:

<https://www.themoscowtimes.com/2014/12/29/ex-energy-minister-russia-could-trim-oil-exports-to-boost-prices-a42615>