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Rosneft's Sechin Accuses OPEC of 'Destabilizing' Oil Market

By The Moscow Times

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Igor Sechin

The head of top Russian oil producer Rosneft on Tuesday criticized OPEC policy and warned lower oil output as a result of falls in crude prices may lead to a supply shortage as early as the fourth quarter.

Igor Sechin, speaking at the International Petroleum Week industry forum in London, said producer group OPEC had "lost its teeth" and its policy had led to "destabilization" of the oil market.

Oil prices collapsed in 2014 in a decline that deepened after the Organization of the Petroleum Exporting Countries in November shifted strategy and chose not to cut its own output.

The 12-country group instead moved to retain its market share, which has been eroded by rival supply sources such as U.S. shale oil.

Russia is the world's biggest oil producer and output hit a post-Soviet high at an average 10.58 million barrels per day last year, but Western sanctions over Ukraine and low prices threaten what is the country's key source of revenue.

The International Energy Agency on Tuesday issued a medium-term outlook that predicted the U.S. oil sector would largely ride out the drop in prices, while Russia would likely be the industry's "top loser."

Sechin also said oil market fundamentals did not tally with the recent sharp drop in prices.

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