

Kadyrov: Elders Say Chechnya Has as Much Oil as Saudi Arabia

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Chechen leader Ramzan Kadyrov

The Russian republic of Chechnya has as much oil as Saudi Arabia, Chechen leader Ramzan Kadyrov said in an interview published Thursday, adding that the only reason the region has failed to capitalize on these hypothetically vast resources is chronic underinvestment.

“Maybe I am revealing a secret, but we have a lot of oil. Our elders say we have no less than Saudi Arabia,” Kadyrov said in an interview with the Interfax news agency.

Kadyrov is Moscow's chosen president of Chechnya, a historically unruly Muslim republic in the south Caucasus that Russia has fought two wars to pacify since the fall of the Soviet Union. Chechen society is traditional and patriarchal, with elderly men regarded as a source of authority and societal wisdom.

Saudi Arabia sits on the world's second-largest reserves of oil, and according to British energy

giant BP, the country produced over 540 million tons of oil last year. Chechnya, meanwhile, produces 600,000 tons, Kadyrov was cited as saying. He did not specify over what period this volume was produced.

The reason that Chechnya has not been able to take its rightful place as a major oil producing region, despite its purportedly vast reserves, is lack of investment in exploration and drilling, Kadyrov said.

Kadyrov also complained that “all taxes on existing wells go to Moscow” rather than to the autonomous republic, which is located in Russia's south Caucasus region.

In 2013 Kadyrov publicly criticized Russian state oil major Rosneft for not paying enough taxes to Chechnya on oil revenues garnered by local Rosneft subsidiary Grozneftegaz — which is 49 percent owned by the Chechen government.

Rosneft owns the remaining 51 percent stake in the company, which is responsible for oil extraction in Chechnya. It also owns the oil extraction license, which gives it control over profits generated by Grozneftegaz.

Kadyrov's government asked Moscow for an oil extraction license of its own, the Vedomosti newspaper reported in 2013, but the request was denied after Rosneft voiced concern that giving the local government a license would jeopardize the company's interests in the region.

Rosneft's CEO, Igor Sechin, is a close ally of President Vladimir Putin.

In 2013 Rosneft earned about 25 billion rubles (\$467 million) annually from its Chechnya operation, of which 2.5 billion rubles (\$47 million) in taxes went to the local government, Vedomosti quoted Kadyrov as saying at that time.

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