

Russia Rejected OPEC Overture, Says Sechin

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The logo of the Organization of the Petroleum Exporting Countries (OPEC) is pictured at its headquarters in Vienna, Austria.

Igor Sechin, a Kremlin heavyweight and chief executive of Russia's top oil producer Rosneft, said Monday that Russia had received — and rejected — an offer to join the Organization of the Petroleum Exporting Countries, the TASS news agency reported.

“The negotiations that are going on between Russia and OPEC are quite positive and lead to an exchange of opinions. OPEC proposed that Russia become a member,” Sechin told participants at a conference in Singapore, according to TASS.

“[But] for Russia there's no point in joining this organization,” he said.

There had been speculation that Russia could join OPEC to help coordinate production cuts in an attempt to buoy oil prices that crashed last year and are now hovering at five-year lows.

Sechin said there were no benefits for Russia from joining the cartel, which is dominated by

Saudi Arabia, because OPEC had failed to stop the recent slide in prices.

“The function of OPEC as a market regulator has been discredited,” Sechin said, TASS reported.

Russia would face difficulties joining OPEC because its crude oil is produced by oil companies with private investors that cannot simply be told to stop work. Furthermore, Russia's harsh climate means shutting production on or off at short notice is technically challenging.

"The Russian government, understanding the differences in the conditions of production and property, agrees to observer status in OPEC," said Sechin, according to TASS.

Despite being one of the world's biggest oil exporters, Russia has never been a member of OPEC.

The Russian government, which depends on oil and gas sales for about half its revenue, has been forced to make difficult spending decisions amid the recent price falls. Oil companies, including state-owned Rosneft, have also been forced to cut back ambitious investment programs.

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