

Russian Oil Companies Agree Deal to Freeze Gas Prices

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Russian oil companies have agreed to freeze gasoline prices in the country as a global deal to curb oil output has led to a rise in the price of crude.

Russian drivers had to dig deep into their pockets as average gas prices increased by almost seven percent since May, above the annual inflation rate of around 4 percent. Though Russia enjoys low gasoline prices relative to most other countries, an average driver spends a disproportionately high share of a typical salary at the pump, according to a recent [Bloomberg ranking](#).

Related article: [Russian Gas Prices Named Among World's Cheapest — Bloomberg](#)

Deputy Prime Minister Dmitry Kozak said that deals to freeze domestic gas prices were signed with oil companies between Nov. 7 and Nov. 10, the RBC news website [reported](#) Monday.

“The prices are frozen and will remain so – taking into account inflation and changes in tax legislation – until the end of March,” the Kremlin’s website quoted him as [saying](#).

Russian authorities are keen to prevent fuel from becoming too costly because previous price spikes angered voters. The government is already taking a series of unpopular measures to raise more revenue for the budget and needs to tread carefully.

Earlier this year, it raised the rate of value-added tax and sharply increased the pension age – a move that knocked public support for President Vladimir Putin.

The government and the largest oil producers hammered out a temporary deal to keep prices down on Oct. 31, avoiding tougher measures such as prohibitive oil export duties.

Under the new deal, which will be in force from Nov. 1 until March 31, oil firms will ramp up petrol and diesel supplies to the domestic market by 3 percent per month versus the year-earlier period.

Next year, oil companies will be allowed to raise prices, frozen until the end of 2018, in line with inflation.

Reuters contributed reporting to this article.

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