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Russia To Raise Oil Production Under New OPEC+ Deal

By AFP

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Russia can begin to turn on more oil taps in February, the OPEC cartel agreed Tuesday. **Alexei Andronov / TASS**

Members of the oil cartel OPEC and their partners agreed Tuesday to raise output slightly in February and March, but only in Russia and Kazakhstan.

Overall the amount of crude oil the group has voluntarily withdrawn from global markets is to decline from 7.2 million barrels per day (mpd) to 7.125 mbd in February, and 7.05 mbd in March, the OPEC+ group said in a statement issued at the end of its first ministerial meeting of the year.

It called at the same time for caution on the part of those active in the sector owing to the coronavirus pandemic.

To ensure the market is not flooded with oil while pandemic-related risks to demand remain

high, OPEC kingpin Saudi Arabia decided to cut its own production by one million barrels per day in both months, Energy Minister Prince Abdulaziz bin Salman told a press conference.

Oil prices spiked as news of the decision emerged, leaping by around 5% to more than $50 a barrel around 18:30 GMT.

The decision represents a compromise between two of the biggest oil producers, Russia and Saudi Arabia, because Moscow had wanted to raise overall crude output by 500,000 barrels per day starting in February.

Disagreements on the way forward are nothing new for the OPEC+ grouping, which must factor in a pandemic that shows no sign of abating and a vaccination campaign which has struggled to make headway in some parts of the world.

Demand for crude cratered under the effects of the virus in 2020 and oil-producing nations have been trying to adjust output accordingly to underpin prices.

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