

Rosneft Posts 80% Profit Slump in Pandemic-Hit 2020

Oil giant managed to remain in the black for the year, while some foreign competitors posted losses.

By [AFP](#)

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Rosneft is majority-owned by the Russian government. **Sergei Bobylev / TASS**

Russia's largest oil producer Rosneft on Friday announced a nearly 80% drop in net profit in 2020, following a record plunge in crude oil demand caused by the coronavirus pandemic.

The state-controlled producer declared a net profit of 147 billion rubles (\$2 billion) in 2020, down 79% compared to the previous year.

In 2019, before the onset of the pandemic and its devastating impact on the oil and gas industry, Rosneft — in which Britain's BP has a 19.75% stake — recorded a net profit of 705 billion rubles (\$9.5 billion).

Rosneft CEO Igor Sechin said in a statement that the results remained positive "despite the difficulties of 2020" and allowed for the payment of dividends to shareholders.

Related article: [Specter of Oil Giant Rosneft Looms Over Russian Independent Media](#)

In comparison, other oil giants, such as Shell and BP, announced huge losses in 2020.

Rosneft's results [suffered](#) in particular during the third quarter, dipping into negative with a net loss of 64 billion rubles (\$870 million) before recovering with a profit of 324 billion (\$4.4 billion) in October-December.

This was mainly due to the sale of a 10% share in Rosneft's giant Vostok Oil project in the Arctic to Singapore's commodities trader Trafigura.

In 2020, Rosneft [announced](#) the start of operations for [Vostok Oil](#) which Sechin described as the "world's largest new hydrocarbon project."

The head of Rosneft said production was expected to start in 2024 with the aim of reaching an output of 100 million tons by the start of the next decade.

The price war which broke out between Russia and Saudi Arabia in March last year caused an unprecedented collapse in oil prices, on top of the drop in demand during the pandemic.

After oil prices moved into negative territory, OPEC member countries and their allies agreed to significantly cut production.

Despite prices steadily recovering they are still below the levels of early 2020.

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