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Russia Boosts Oil Output Despite Western Pressure – Kommersant

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Yegor Aleyev/TASS

Russia increased oil production in September as major Western countries debated energy price caps over Moscow's invasion of Ukraine, the Kommersant business daily reported Wednesday, citing unnamed sources familiar with the data.

Last month's average daily output rose by 1% from August to nearly 1.47 million metric tons, or 10.8 million barrels per day, according to the publication.

Russia processed 760,000 metric tons of crude per day in September despite falling domestic seasonal demand and lower payouts on Russia's so-called damping fuel tax mechanism.

In January-September, Russia's oil output increased by 3% from last year, totaling 400 million metric tons.

Russia currently extracts 10.7 million barrels of crude and natural-gas condensate per day (bpd), levels comparable to July.

Russia’s oil production has been on a path to recovery since falling sharply in April, then dipping in August, due to Western sanctions.

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Experts interviewed by Kommersant expect Russia’s oil output to drop by as little as 1% by the end of 2022.

An EU embargo on Russian crude oil and petroleum products, which takes effect in February 2023, is expected to decrease Moscow's exports to Europe.

Reports have also emerged in recent days that G7 countries are close to agreeing on a price cap for Russian oil and EU leaders were set to announce a price cap later Wednesday as part of the latest sanctions package.

According to Kommersant, Russia's oil exports via sea and pipeline in September remained at August levels of around 672,000 tons per day.

The newspaper said there were signs of growing rail exports, mainly to China, as EU sanctions made sea shipments from Russia’s Baltic ports unprofitable.

Russia's 10 million bpd of oil output is reportedly 1 million bpd lower than its quota among members of the Organization of the Petroleum Exporting Countries (OPEC) and its allies.

OPEC+ meets later Wednesday to debate a first major cut in production of up to 2 million bpd since the Covid-19 pandemic. Kommersant notes the decision will not require Russia to cut its oil output.

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