

# Russian Oil Refineries Risk Closure Amid Mounting Losses – Reuters

November 15, 2024



Maxim Grigoriev / TASS

At least three Russian oil refineries could face closures next year as declining exports, high crude oil costs and soaring interest rates lead to mounting financial losses, Reuters [reported](#) Friday, citing anonymous sources familiar with the matter.

The Tuapse refinery, a large but “relatively unsophisticated” facility owned by the state-backed oil giant Rosneft, has reportedly halted production multiple times this year. Smaller independent refineries, Ilsky in Krasnodar and Novoshakhtinsky in Rostov, have been operating at half capacity for months due to weak profit margins.

The struggling refineries, which are said to have sought financial support from the government, were also targeted in Ukrainian drone strikes this year. These disruptions have been compounded by the impact of Western sanctions, which force them to sell fuel at discounted rates.

“We expect that the actual [plant] closures may take place at the beginning of next year,” a

source told Reuters.

**Related article:** [Russia Faces a Wave of Bankruptcies as Borrowing Costs Skyrocket](#)

Independent refiners in Russia have been hit hardest as they lack the support of large parent companies and face higher borrowing costs amid rising interest rates. The Russian Central Bank hiked its key rate to a historic 21% last month and is expected to increase it further in December.

The average price of Russian crude oil surged to 50,000 rubles (\$499) per ton in October as the ruble weakened, significantly above the break-even point of 35,000 rubles (\$349) per ton for independent refiners.

Reuters said the Tuapse, Ilsky and Novoshakhtinsky refiners did not respond to a request for comment, nor did other major Russian oil firms, including Surgutneftegaz, Gazpromneft and Lukoil.

Russia's 30 large and medium-sized refineries process 5.5 million barrels of crude per day, with 2 million exported and the remainder consumed domestically. Smaller plants were not included in the report.

Original url:

<https://www.themoscowtimes.com/2024/11/15/russian-oil-refineries-risk-closure-amid-mounting-losses-reuters-a87028>