The impacts of Western restrictive measures on Russia's oil and gas sectors

Marc-Antoine Eyl-Mazzega
Director, Centre for Energy
Eni - Brussels, 18/04/2018
Russia’s economy was already in recession before the sanctions, came out of recession in spite of the sanctions

Russia’s GDP and the oil price, 2002-Q1 2018

Source: Rosstat, Ministry of Finance of the Russian Federation
Russia’s liquids production breaks all records, further growth only limited by OPEC+ in 2017 and 2018

Russia’s GDP and the oil price, 2002-Q1 2018

Rosneft’s liquids output, 2014-2017 (including Bashneft in 2017)

Source: Ministry of Energy of the Russian Federation, Rosneft, Sberbank Investment Research, Ifri
Russia’s gas exports to Europe at record high levels, Gazprom developing Nord Stream 2, Turkish Stream, Power of Siberia

Gazprom’s exports to Europe and EU’s LNG imports, 2007-2017

Source: Gazprom, Platts
Yamal LNG: extreme environment yet on schedule, no cost overruns...

Source: Total
Russia’s oil majors raising capex against all odds

Evolution of capex of Russian majors versus some IOCs, 2014-2017

Source: Shell, ExxonMobil, Rosneft, Gazprom, Lukoil, Sberbank Investment Research; *Rosneft includes Bashneft as from 2017
Increasing production drilling, growing share of horizontal drilling > 34% in 2017

Evolution of production drilling by leading Russian oil producers, 2013-2016

Source: Company data, Deloitte
Ruble depreciation > fall in $ oil prices, leading to a positive impact on revenues and capex as companies export

Evolution of RR and $ Ural prices, Q1 2014-Q1 2018

Source: Thomson Reuters, Rosneft
Russia’s oil production benefiting from tax advantages as new greenfields and NGLs expand output

Variation of the fiscal pressure on Russia’s oil sector

Evolution of Russia’s fiscal reserve funds, Dec.2014-Feb-2018

Source: Ministry of Finance of the Russian Federation, Vedomosti, Vygon Consulting
Russia’s fiscal reserves were a buffer for falling oil and gas incomes, but the Reserve fund is depleted

Evolution of Russia’s fiscal reserve funds, Dec.2014-Feb-2018

Source: Ministry of Finance of the Russian Federation
Centre Énergie – Centre for Energy

eylmazzega@ifri.org

27, rue de la Procession, 75740 PARIS CEDEX 15
Tél. +33 (0) 1 40 61 60 00 • Fax : +33 (0) 1 40 61 60 60
www.ifri.org