

# *Centre Energie - Centre for Energy*

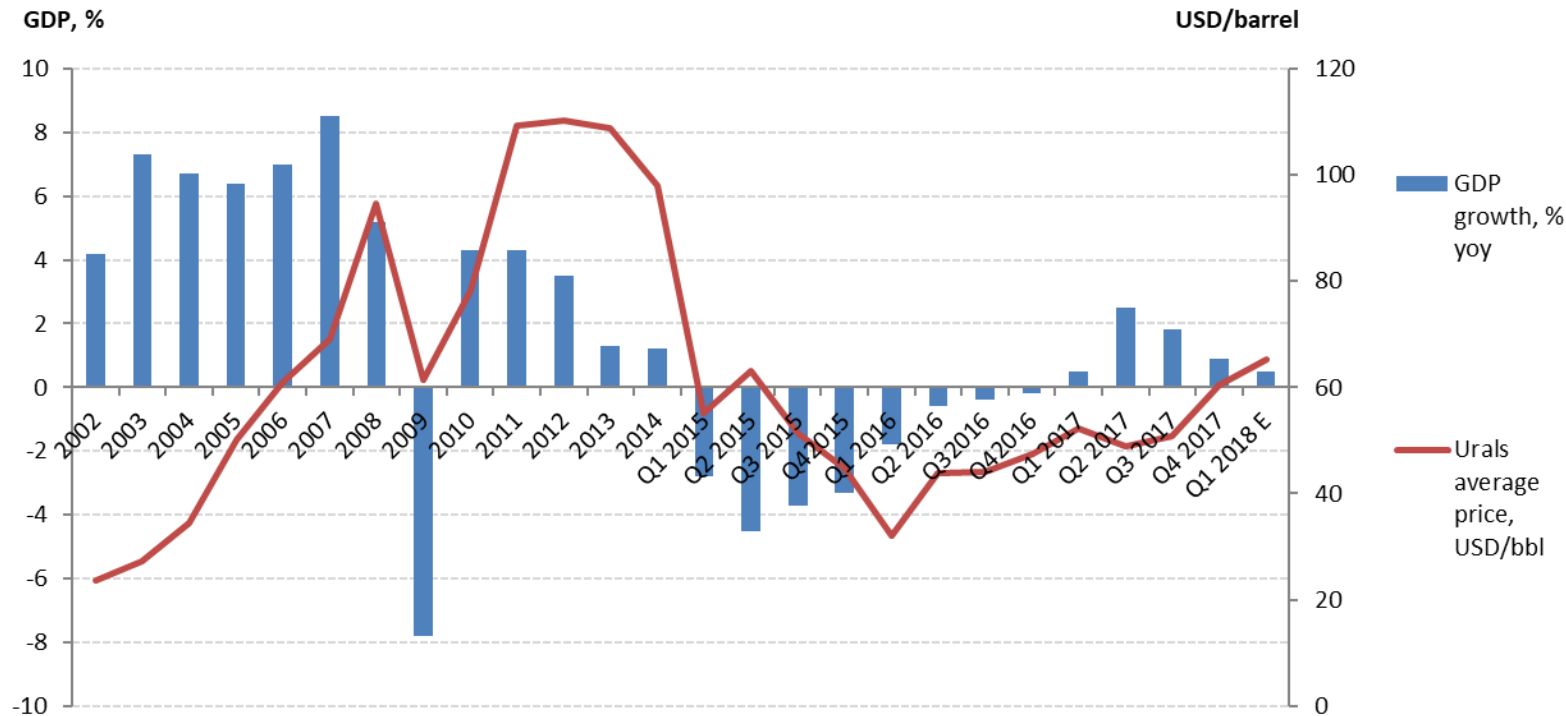
## **The impacts of Western restrictive measures on Russia's oil and gas sectors**



**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

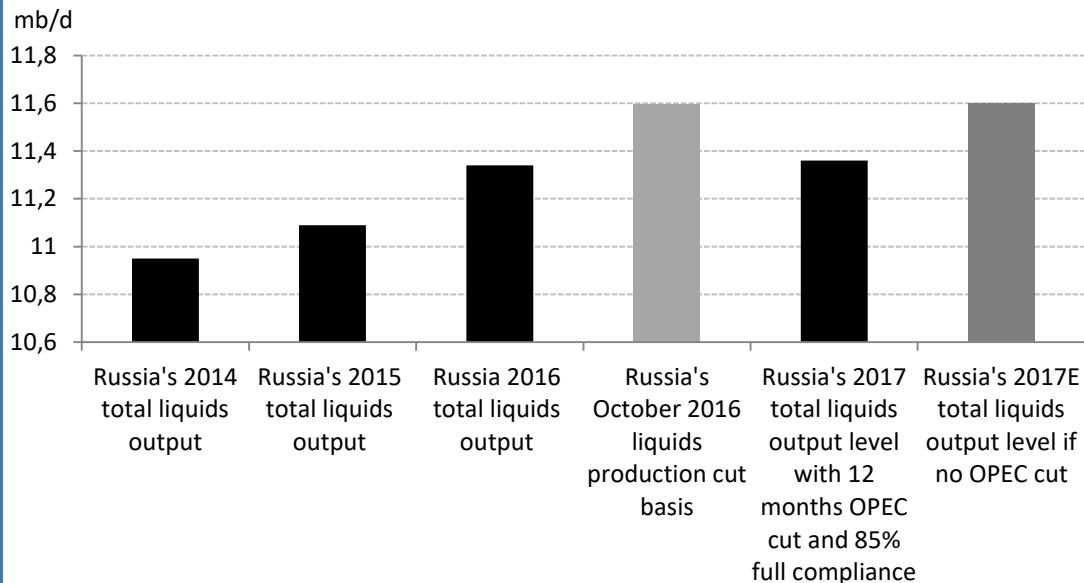
Russia's GDP and the oil price, 2002-Q1 2018



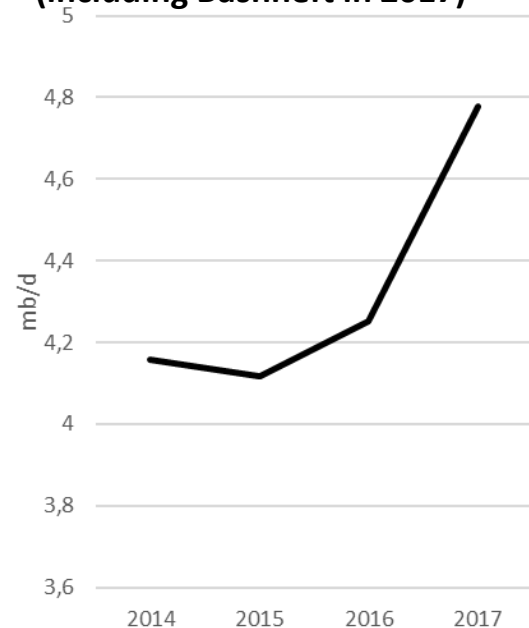
Source: Rosstat, Ministry of Finance of the Russian Federation

# 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

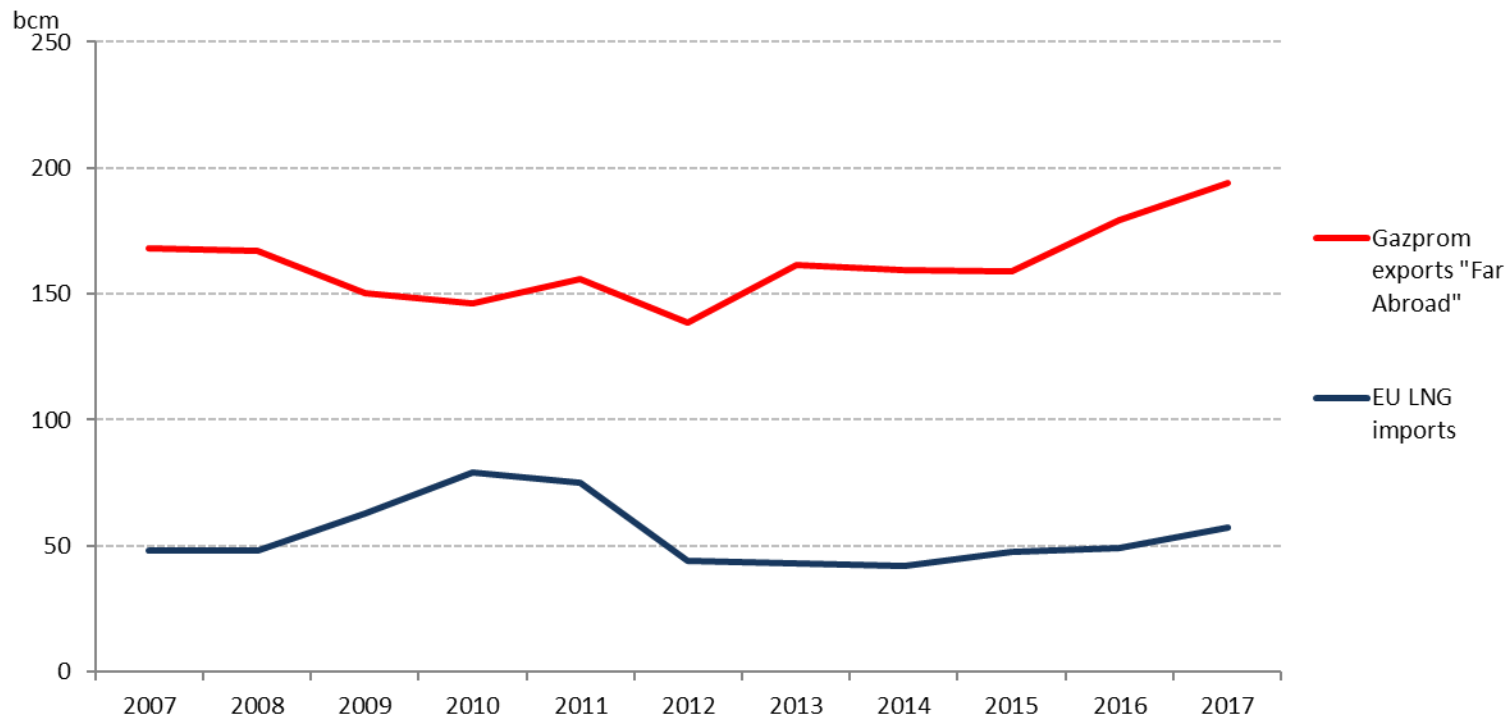


Rosneft's liquids output, 2014-2017 (including Bashneft in 2017)



# 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

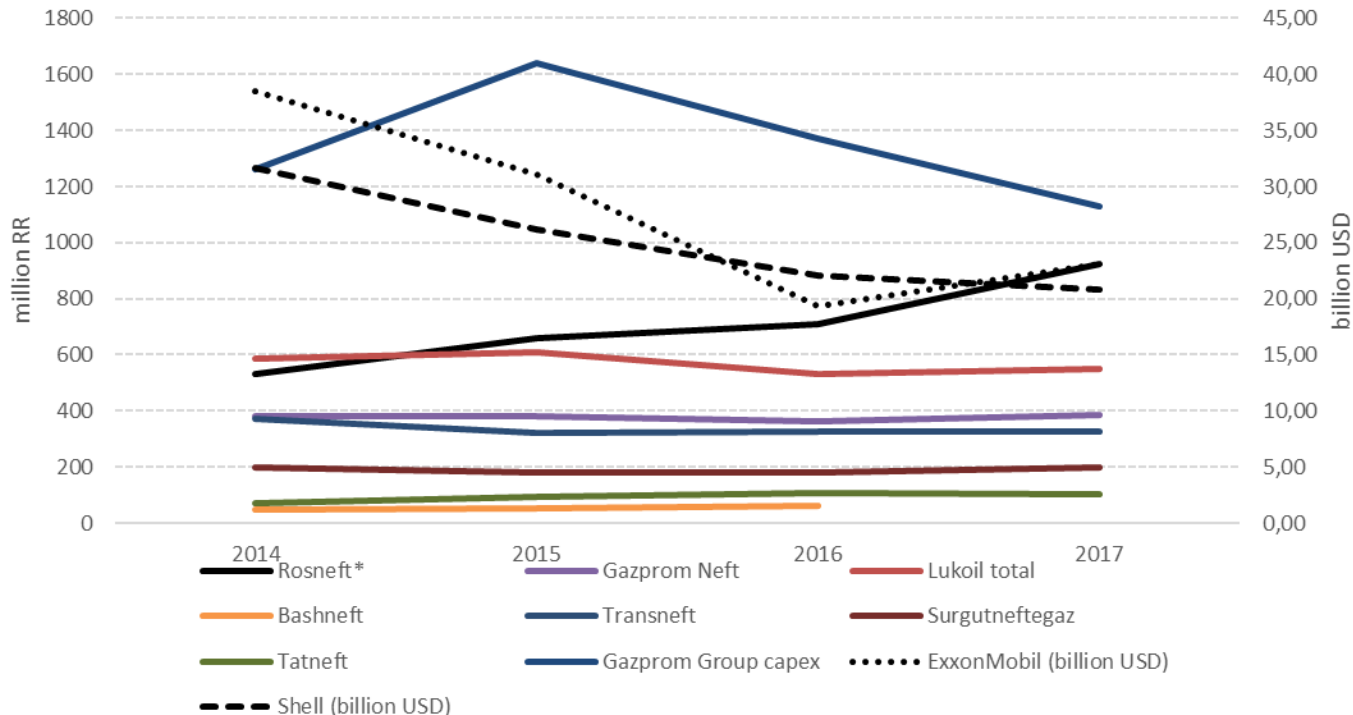
# Yamal LNG : extreme environment yet on schedule, no cost overruns...





# Russia's oil majors raising capex against all odds

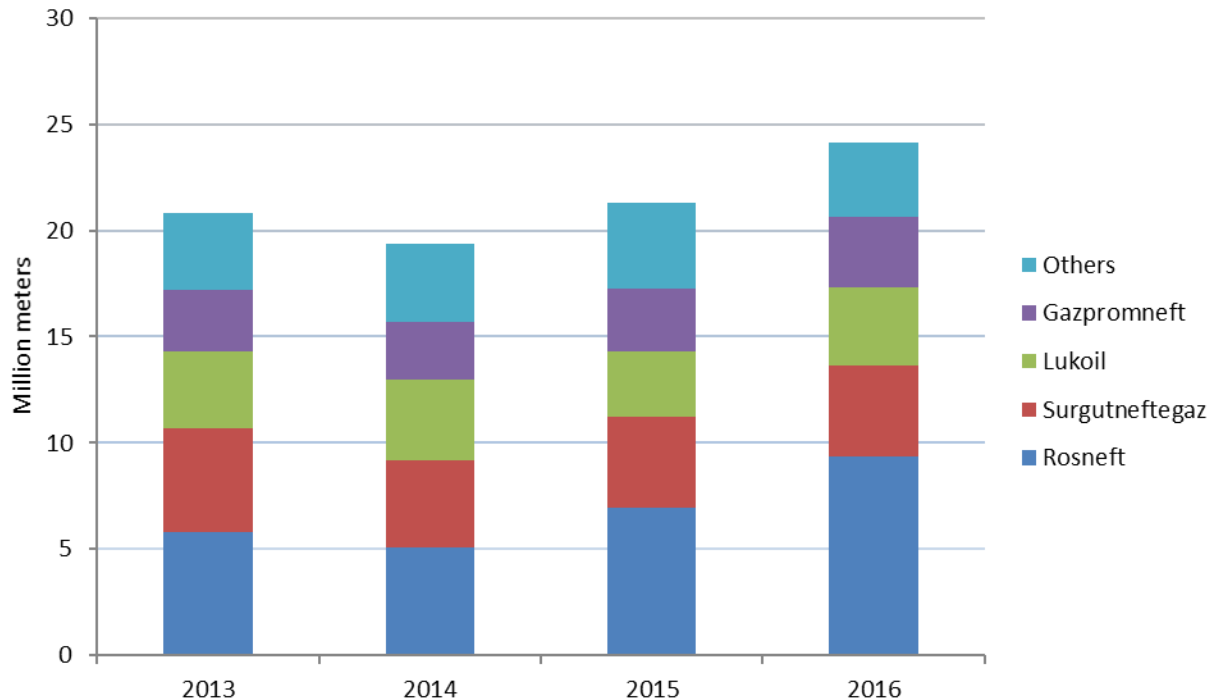
Evolution of capex of Russian majors versus some IOCs, 2014-2017



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

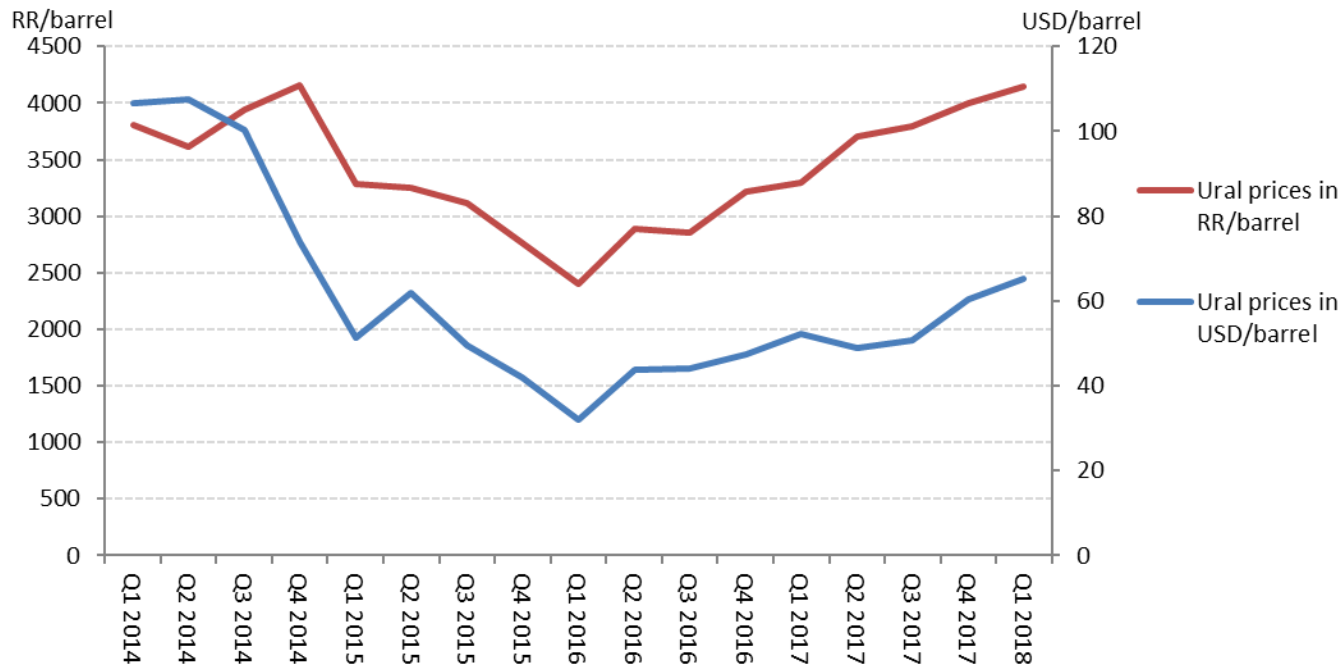
Evolution of production drilling by leading Russian oil producers, 2013-2016





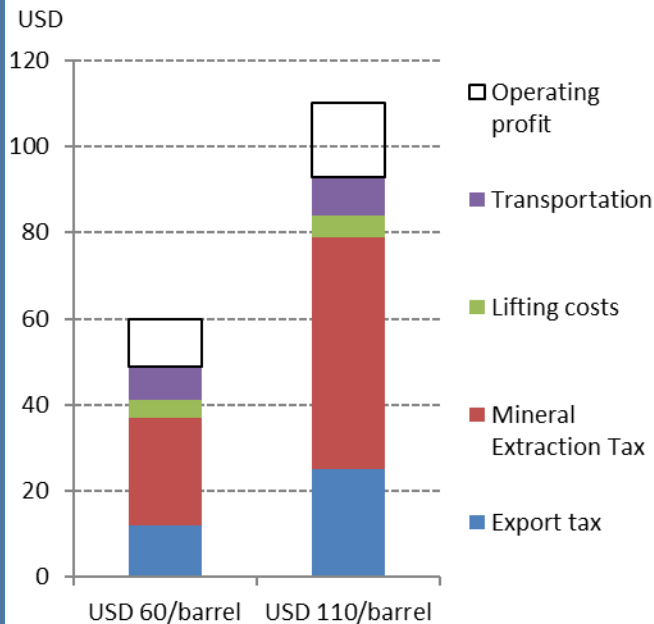
# Ruble depreciation > fall in \$ oil prices, leading to a positive impact on revenues and capex as companies export

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

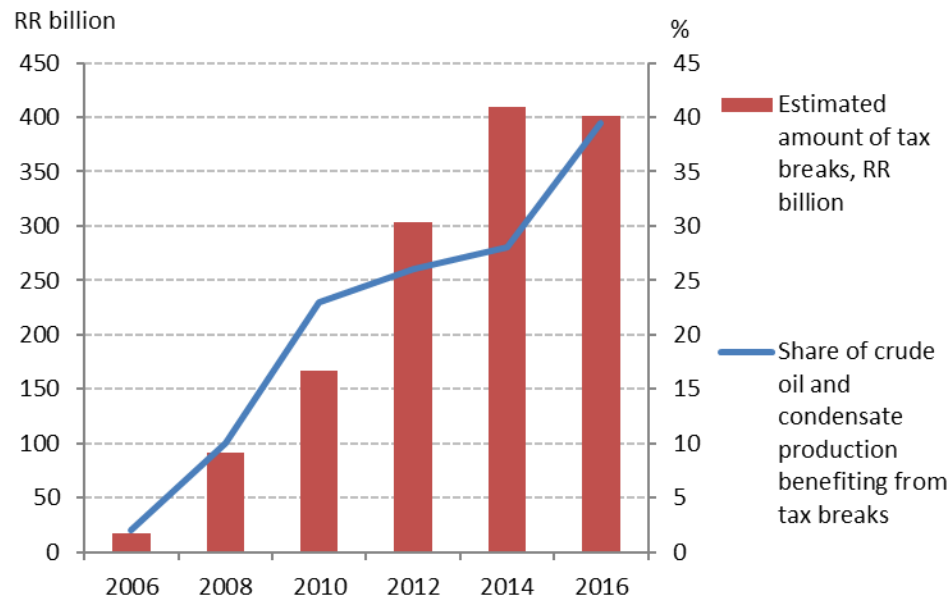


# Russia's oil production benefiting from tax advantages as new greenfields and NGLs expand output

Variation of the fiscal pressure on Russia's oil sector



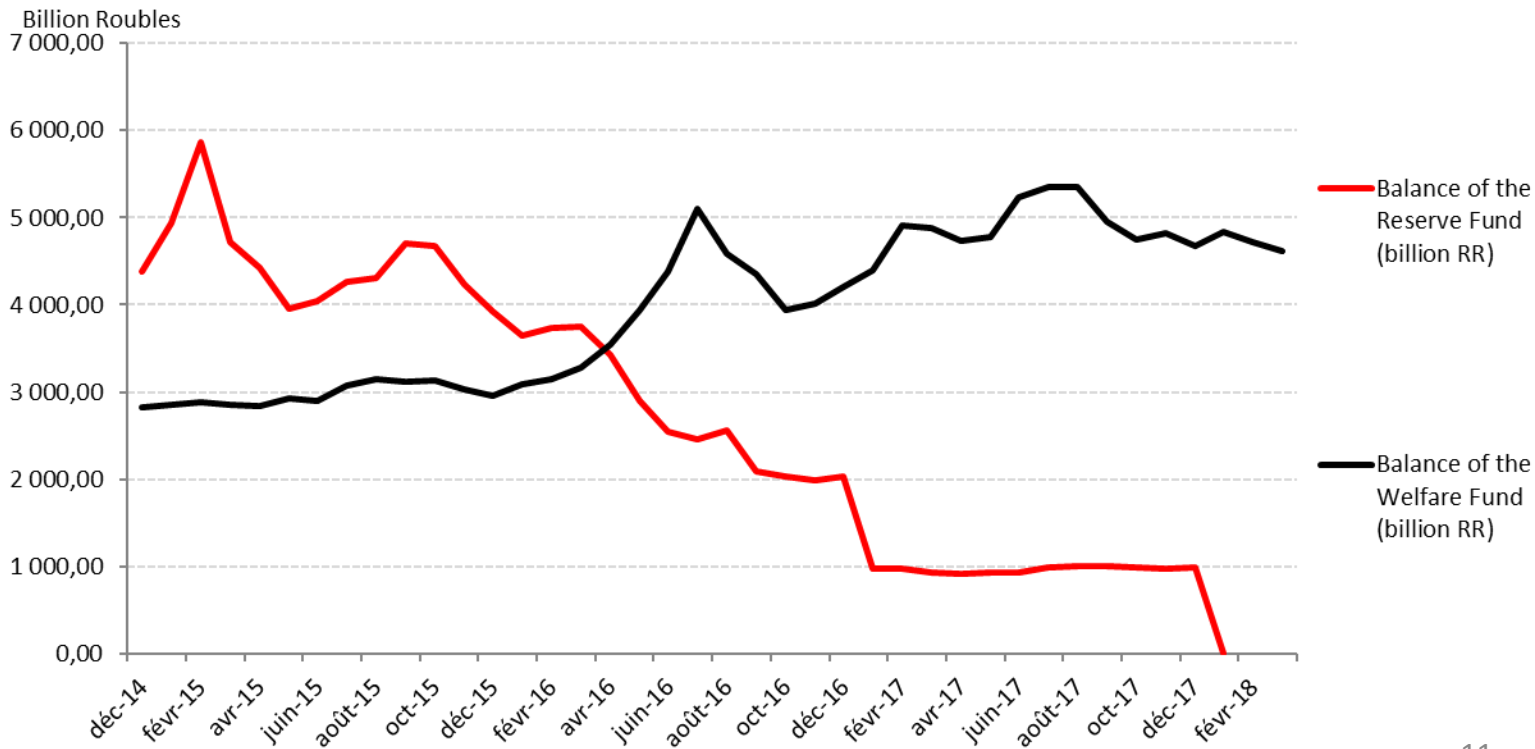
Evolution of Russia's fiscal reserve funds, Dec.2014-Feb.2018



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



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# Centre Énergie – Centre for Energy

[eylmazzega@ifri.org](mailto: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](http://www.ifri.org)