

# ***The Prospects for Russia's Oil and Gas Exports***

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## **Summary**

The Russian oil and gas industries have got rather many problems to solve, some of which have been complicated by the anti-Russian economic sanctions of the West over the Ukrainian issue in 2014 and the crude oil price dive in the world market from the latter half of 2014.

This paper overviews their problems and, among them, picks up for some details of the Russia's plans to export oil and gas to the Asian-pacific regions.

For oil, Russia and China have made 3 governmental agreements since 2005 and, based on them and if everything goes well, nearly 40 mil t/y of crude oil will be traded between them in near future by pipelines. Meanwhile, this deal may not guarantee profitability of Russian oil companies when we consider the huge and costly distance of oil transmission by pipelines from West/East Siberia to the Russia/China border, under the current low oil price level.

For gas, Russia pursues both pipeline gas export to China and the expansion of LNG sales. The gas demand by China, however, becomes rather uncertain and both countries are not sure when and how much gas China needs from Russia. Furthermore, due to the recent sharp downwards change of LNG price, they cannot identify what gas price shall be fair. This price factor also affects the LNG sales expansion plan and its business profitability may largely depend on the world LNG market conditions beyond 2021.