

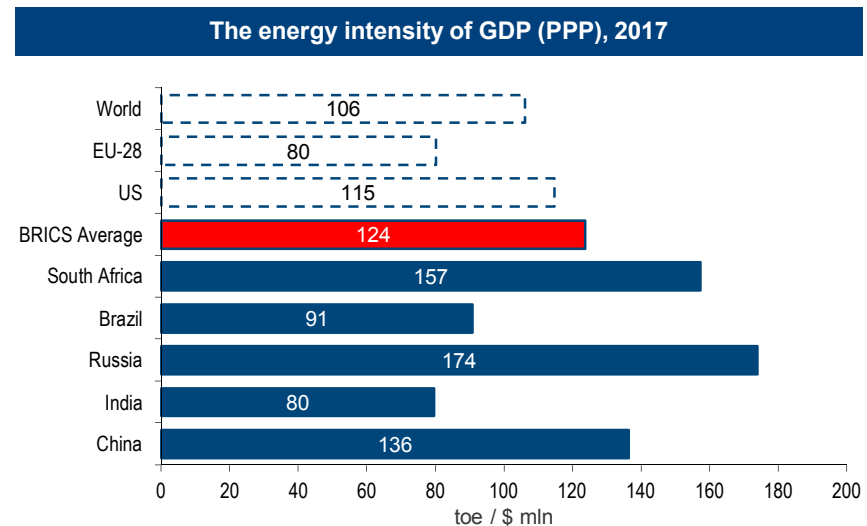
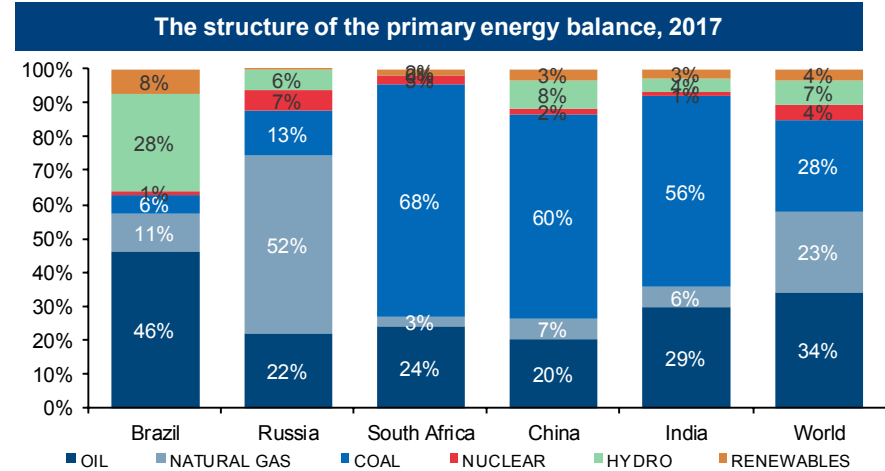
Energy and Development in BRICS: perspective from Russia

2018 BRICS Economic Forum
December 4-5, 2018
Brazil

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BRICS are different from each other in terms of energy

- BRICS countries are quite different in terms of dependency of energy exports/imports, structure of energy mix and priorities in energy policy. Russia is one of largest oil & gas producer in the world while China is one of the largest importers. South Africa is one of largest producers of coal.
- Russian energy mix is heavily tilted to natural gas (52% of primary energy balance) while China, India and South Africa coal as the largest contributor to the primary energy mix. Brazil compared to other BRICS has largest share of oil (46%) in primary energy balance and large share of hydro (28%).
- There are large differences in energy intensity due to different structure of the economies and and affordability of different types of energy. Russia in the most energy intensive among BRICS in terms of GDP while India has the lowest.
- Different energy profiles and different status as exporter or importer of energy have implications for energy cooperation for BRICS.



Energy cooperation of the BRICS countries

2009

- The issues of energy cooperation were discussed for the first time at the first BRICS summit in Yekaterinburg

2014

- A chapter on energy included in the draft "Road map" of BRICS trade-economic and investment cooperation till 2020 (in the framework of preparations for the summit in Fortaleza).

2015

- Ufa Declaration of the BRICS leaders appealed to analyze opportunities for energy cooperation in BRICS
- At Ufa summit, the Strategy for BRICS Economic Partnership, including an energy section II.3, was approved
- The **BRICS Working Group on 'Energy Saving and Energy Efficiency'** was established

2016

- The first meeting of the BRICS Working Group on 'Energy Saving and Energy Efficiency' was held at Visakhapatnam
- Russia suggested to develop an initiative for creating the **BRICS energy agency**.

2017

- **BRICS Youth Energy Association** was redesigned into the BRICS Youth Energy Agency to develop a scientific cooperation of BRICS youth and promote collaborative energy research.

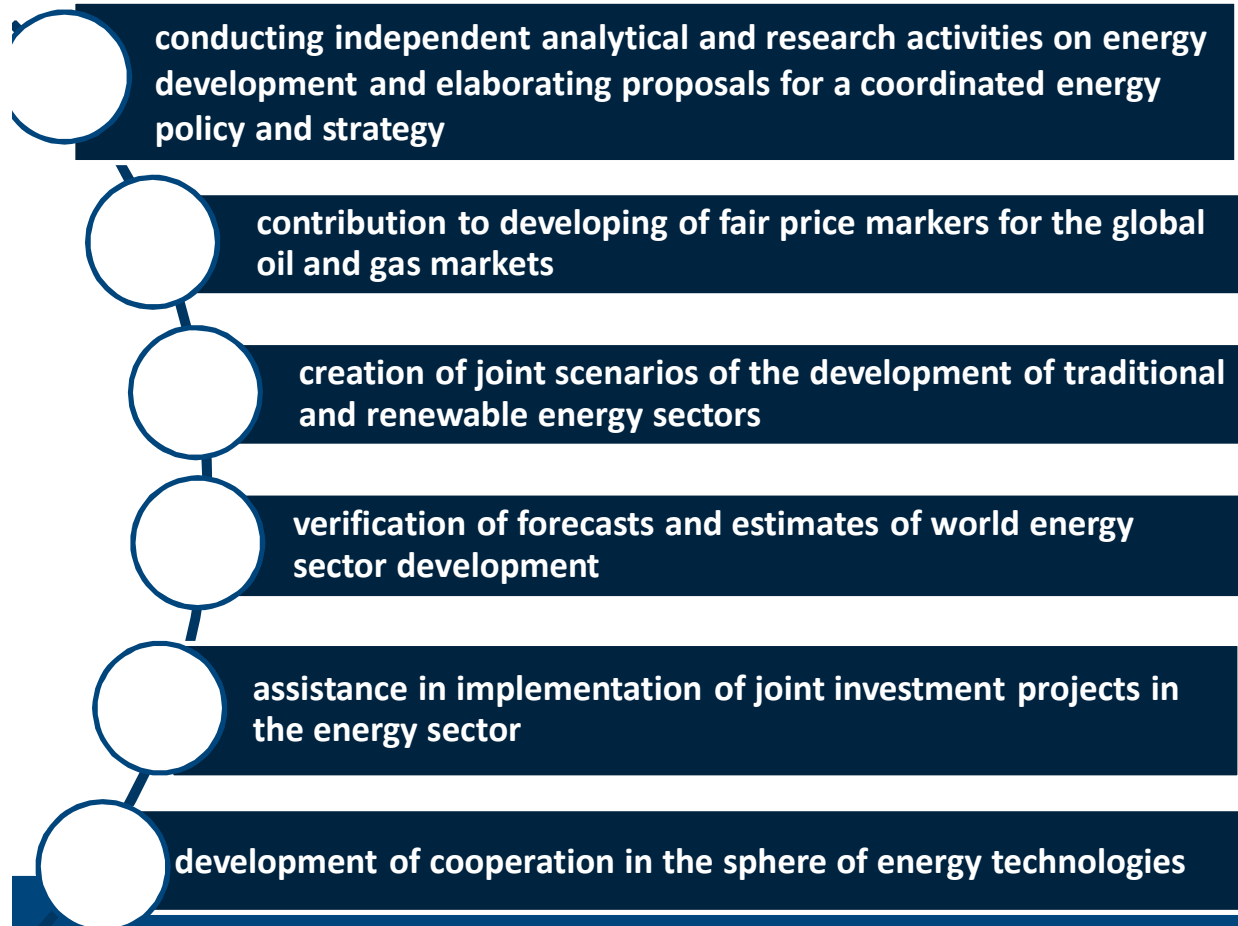
2018

- Establishing the **"BRICS Energy Research Cooperation Platform"**.
- Establish a BRICS Committee of Senior Energy Officials to coordinate and elevate energy cooperation activities and implementation
- Progress in the implementation of the Memorandum of Mutual Understanding in Energy Saving and Energy Efficiency

BRICS Energy Research Cooperation Platform (ERCP)

Mission An independent, alternate to IEA, OPEC, EIA, etc. analytical and research center for creation of global energy agenda, taking into account the common interests of the BRICS countries

Goals

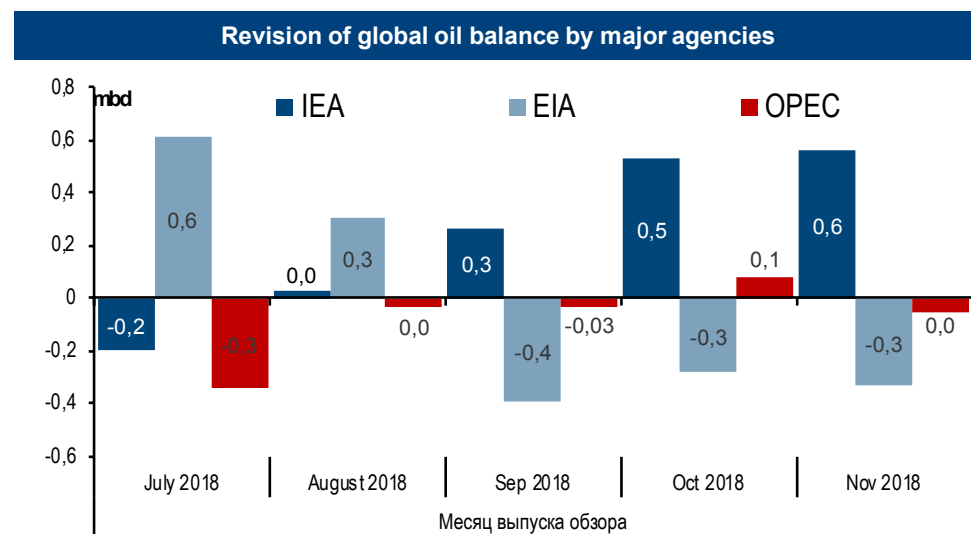
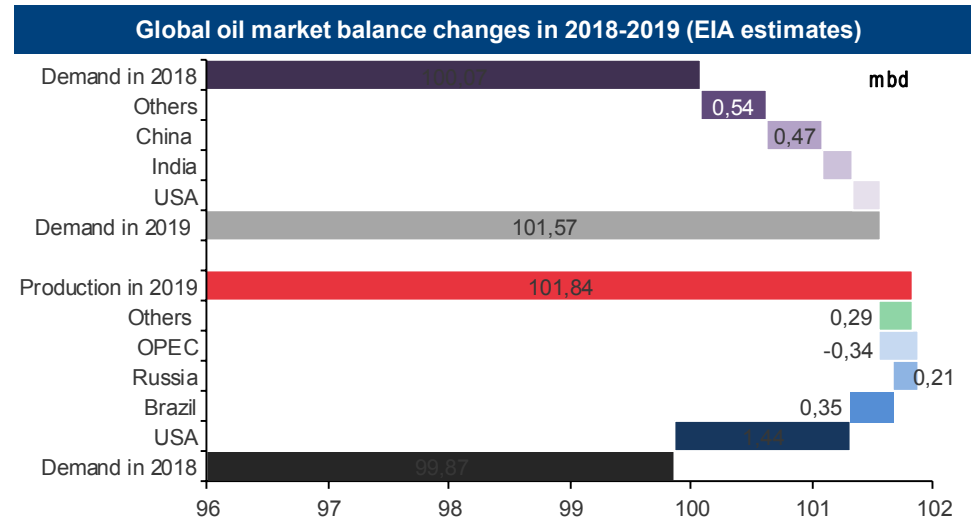


Structure

- Each of the BRICS countries nominates the responsible representatives (public officials, research institute, company or any other organization) who will participate in the activity of the analytical platform, as well as the contact person for coordination
- The format of analytical platform does not implement the creation of any rigid structures and financing obligations.

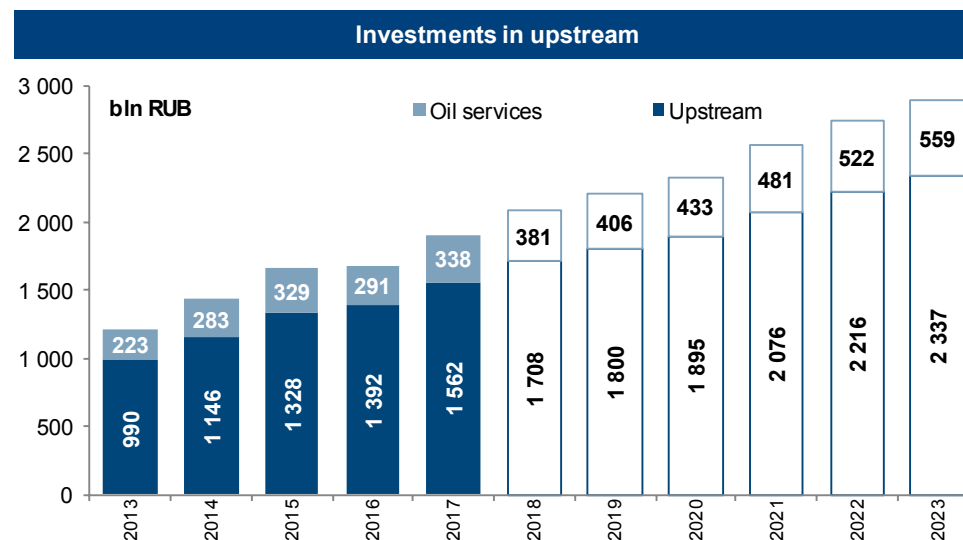
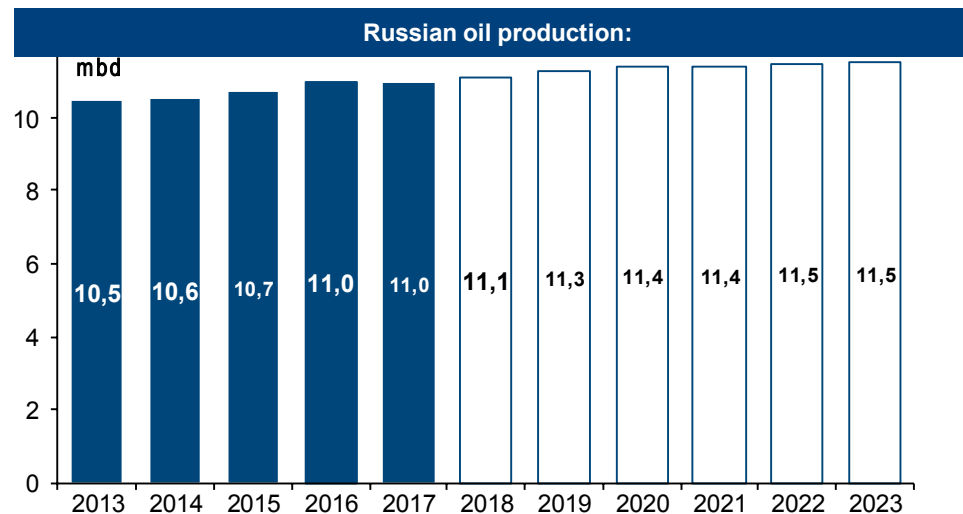
Uncertainty and fuzziness of global energy data is a major concern

- There are a lot of concerns on the quality and availability of data in energy. For example, for most EM countries the data on crude oil and oil products stocks is limited. That's why it's difficult to estimate short-term demand growth as stocks data is not available. For gas there is a question of different standards and calorific content of gas produced in different countries/regions.
- A mismatch between the analytical and the resulting picture of the future information provided by the participants of energy markets is intensified. The latter was clearly manifested in 2017 when trying to assess the global balance of demand and supply of oil even in the short term.
- A BRICS initiative aimed at cooperating in energy data and supporting research on country standards differences may be beneficial both for exporters and importers,



Russia's energy policy in oil sector: no decline in production on horizon

- In 2018, Russian oil production will grow after the decline caused by the OPEC + agreement (-0.3% y / y in 2017). For the first time in the last 10 years oil production in the West Siberian oil province (brownfields) grows in 2018 due to the use of EOR technologies.
- It is expected that growth of Russian oil production and investment will continue. Liquids production by 2023 may grow by 20 million tons, to 573 million tons. Long term growth rates for Russian oil production are about 1% per annum. Pilot project for new taxation system for greenfields will start in 2019.
- Investment will grow by 14% (in constant prices) by 2024. Rosneft has the most ambitious plans. By 2022 the company may increase production by 29 million tons, to 250 million tons, Gazprom Neft plans to increase production (including foreign projects) to 100 million tons. The development of the greenfields will all shift to the east and north.



Russia's energy policy in gas: shift to LNG and new markets

- In the last 4 years Russian gas exports to Europe despite political tensions. In late 2017 Novatek started shipments from Yamal LNG, a second large-scale LNG project in Russia.
- In 2019-21 Russian gas production will be in the range of 710-720 bcm due to increased competition with LNG on the European market and infrastructure bottlenecks. The production of Gazprom in the west will be supported in the coming years by expanding the capacity of the Bovanenkovskoye field (the design level of production is 100-110 billion m3). The main increase in production on the horizon until 2023-30 will occur in Eastern Siberia and the Far East mainly due to the commissioning of the Chayanda and Kovykta fields, as well as increased production of associated gas in oil fields.
- LNG is a next priority for Russian gas. It's expected that by 2030 LNG production will increase to 85-90 mln t based on Yamal LNG and further expansion of capacity in Sakhalin 2. Arctic 2 LNG is a large-scale LNG project for Novatek.

