

Global Perspectives of Russia's Energy Export Markets

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GDP of Russia and its Client Countries

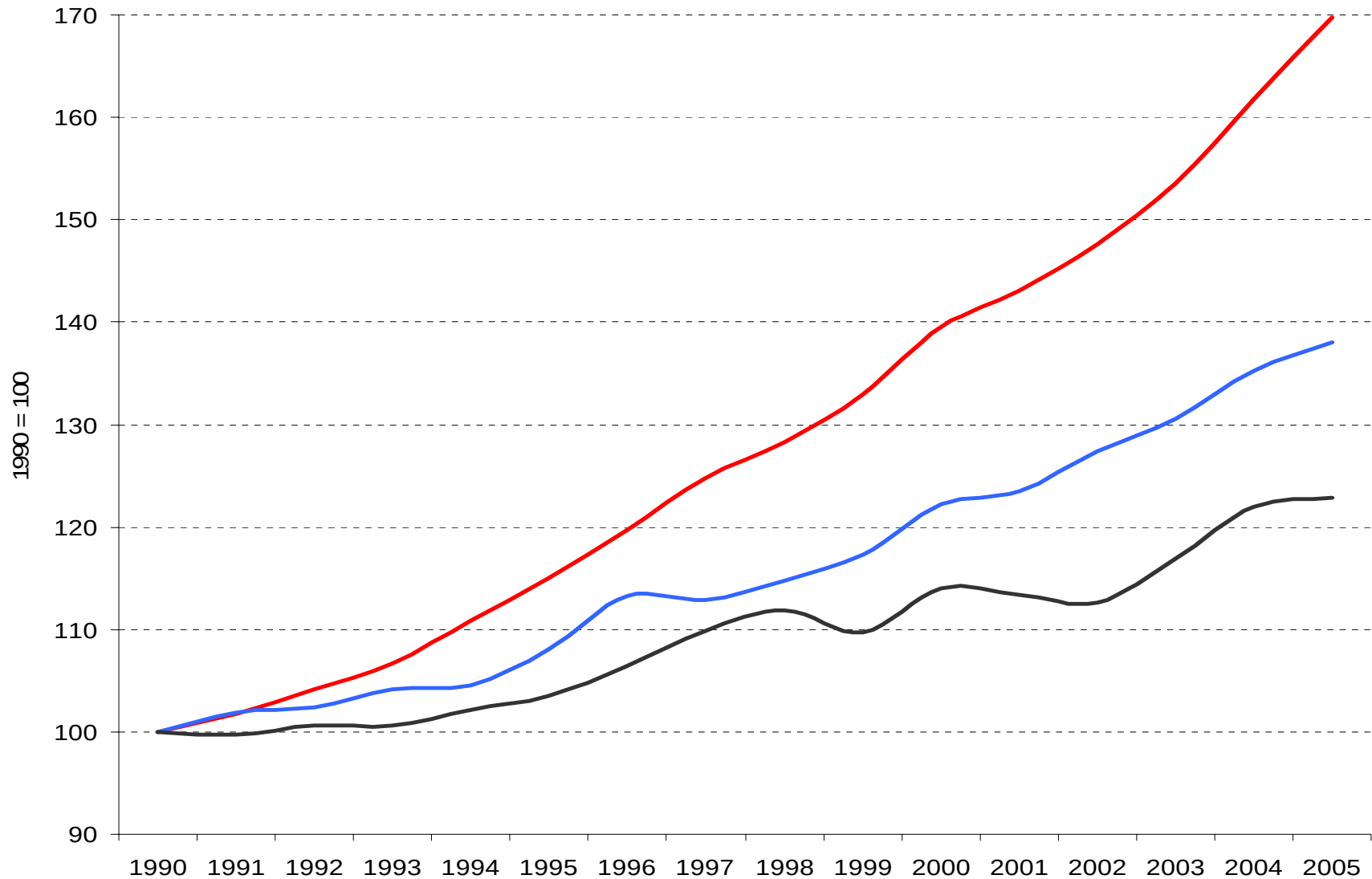
	GDP (PPS) bln \$	GDP per capita (PPS), 000' \$	GDP per capita (market rate), 000' \$
Russia	1 456	11,0	5,3
USA	12 227	41,3	42,0
China	9 412	7,2	1,7
EU 15	12 857	33,1	31,7
NMS 12	826	16,1	9,2

Source: IMF, Eurostat

Russia & modernisation

- 1990 GDP level will be reached in 2007
- Russia is in need of modernisation of its education, health care, industrial base
- Domestic debates are not about export of oil and gas - but about the “Dutch disease”, domestic investments in non-resource industries
- Russia has 32% GDP saving rate and 20% investment rate and exports capital itself
- Russian companies are positioning globally with Chinese, Indian companies and other newcomers
- Domestic investment needs and social pressure are more demanding after years of upturn

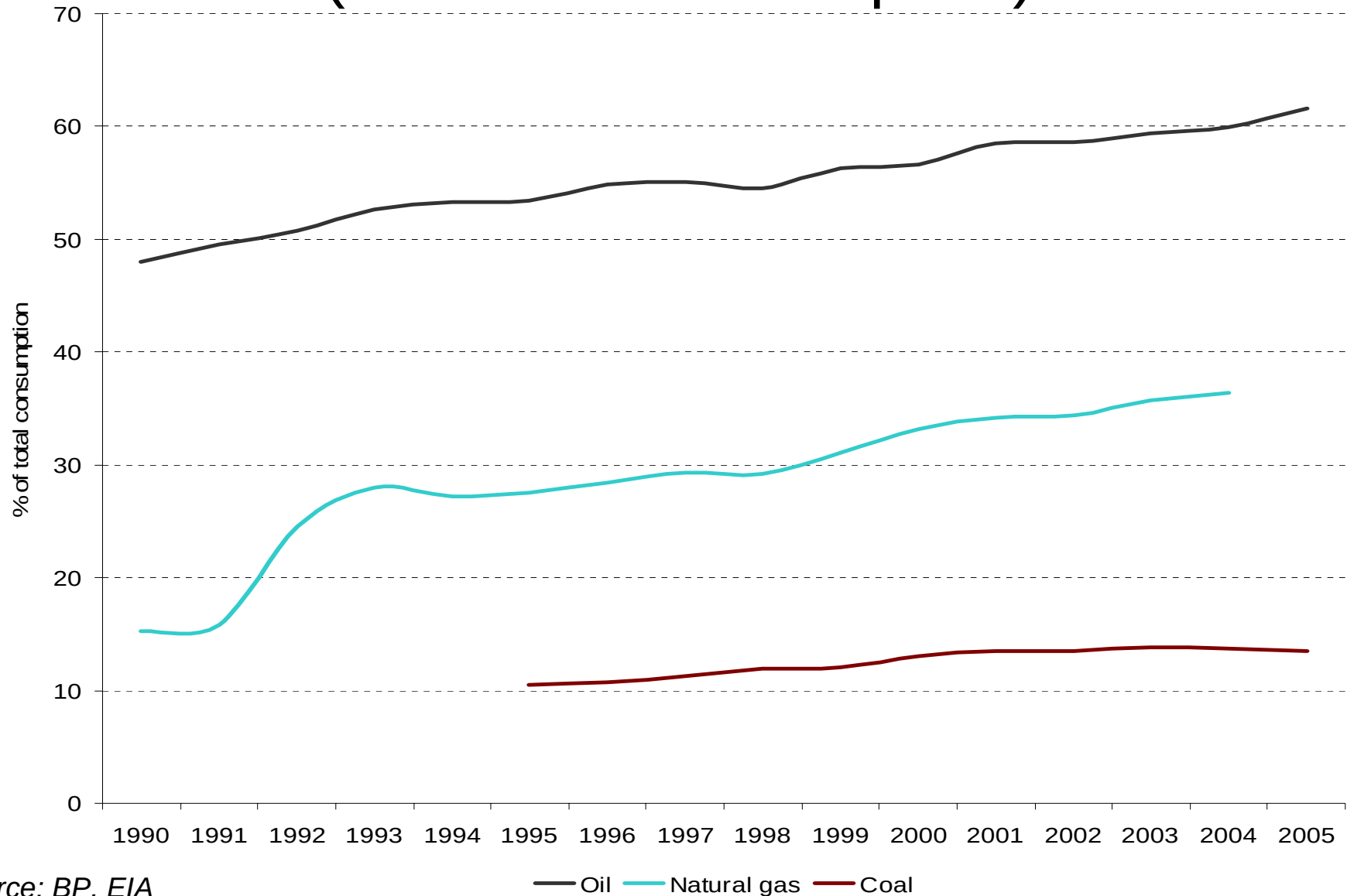
World GDP, Oil and Gas Consumption 1990-2005



Source: IMF, BP

— World GDP — World gas consumption — World oil consumption

World Export of Oil, Gas and Coal (% of total consumption)



Source: BP, EIA

Global Economic Growth and Energy

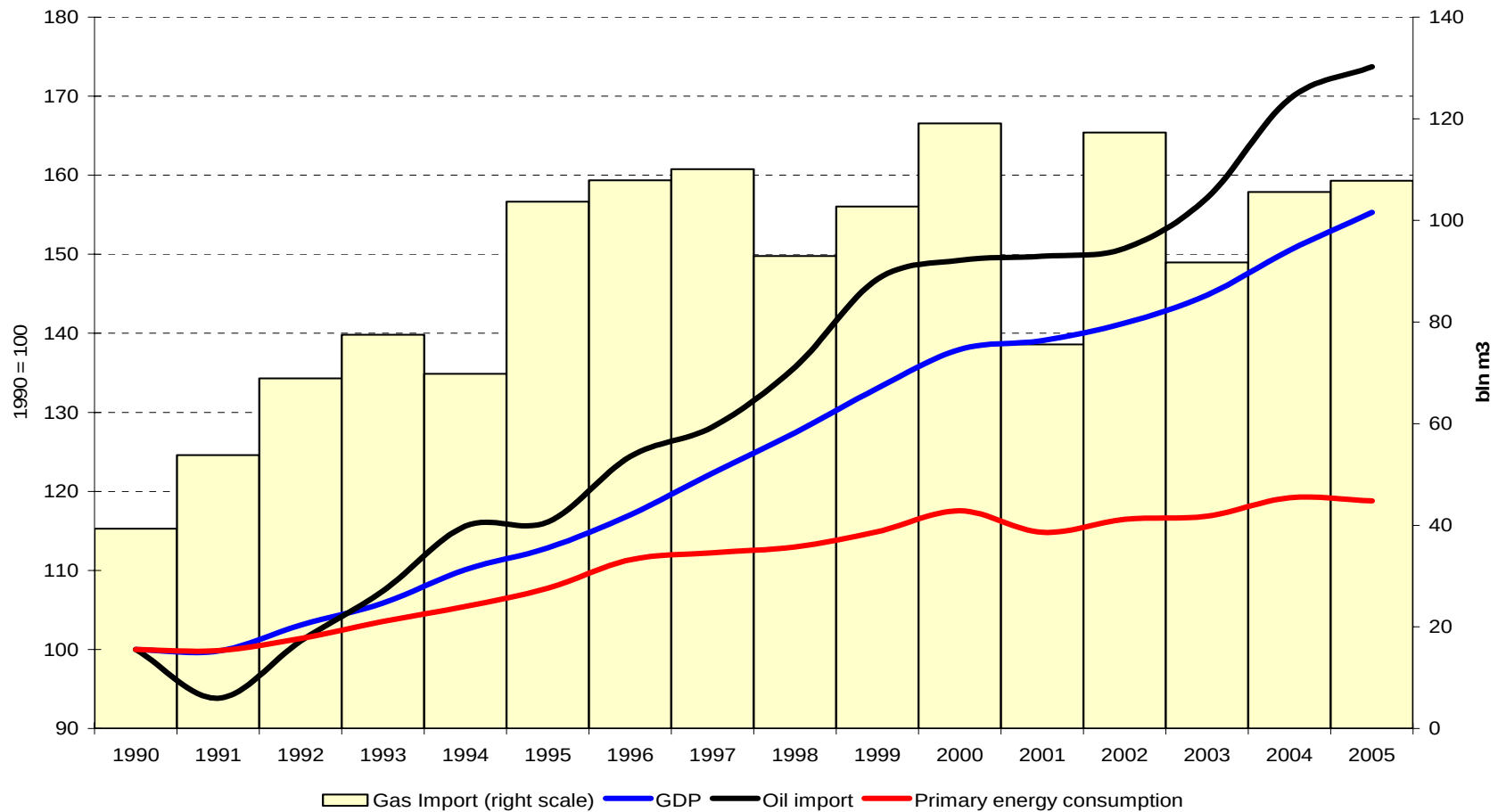
- Economic growth shows some sign of savings but structure changes very slow
- The US keep importing more oil
- The EU keeps looking for more gas
- China is buying more oil and gas
- Economic growth continues in spite of high energy prices – MFG export to oil exporters supports the growth and trade
- We still need to look into medium term forecasts with high energy prices

Gas and Oil Production, Consumption and Reserves (2005)

	Oil						Gas					
	Production		Consumption		Reserves		Production		Consumption		Reserves	
	Mln t	% world	Mln t	% world	Bln t	% world	Bcm	% world	Bcm	% world	Tcm	% world
USA	310	8	945	24,6	4	2,2	526	19	634	23	5,5	3
EC 15	109	2,8	647	16,9	1	0,5	189	6,8	422	15,4	2,4	1,3
OECD	928	23,8	2271	59,2	10,2	6,7	1079	39,1	1416	51,5	15,0	8,3
China	181	4,6	327	8,5	2	1,3	50	1,8	47	1,7	2,4	1,3
Russia	470	12,1	130	3,4	10	6,2	598	21,6	405	14,7	47,8	26,6
OPEC	1626	41,7	363	9,5	123	75,3	488	17,7	343	12,5	88,1	49
Total world	3895	100	3837	100	164	100	2763	100	2750	100	179,8	100

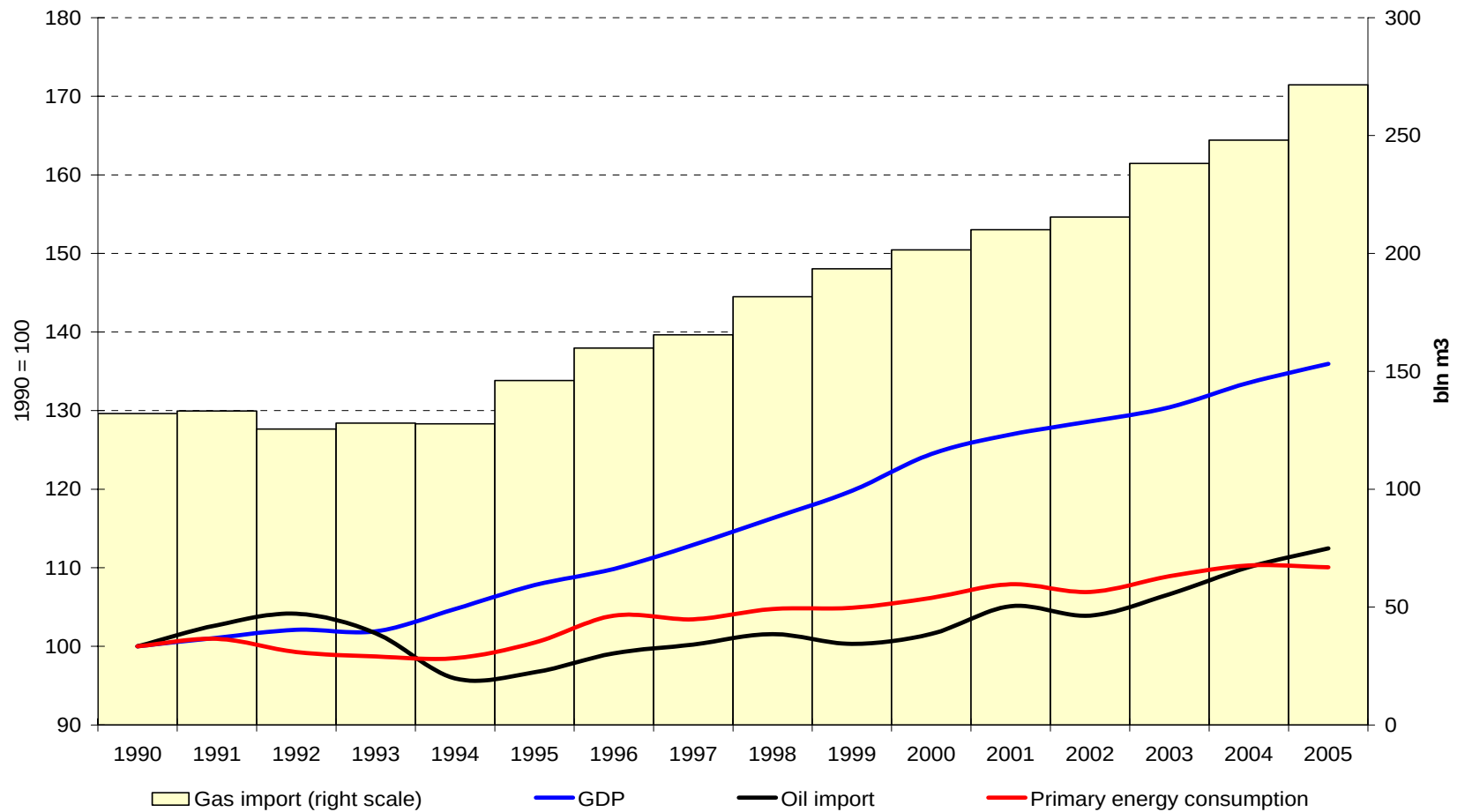
Source: BP

GDP, Primary Energy Consumption, Import of Gas and Oil in the USA, 1990-2005



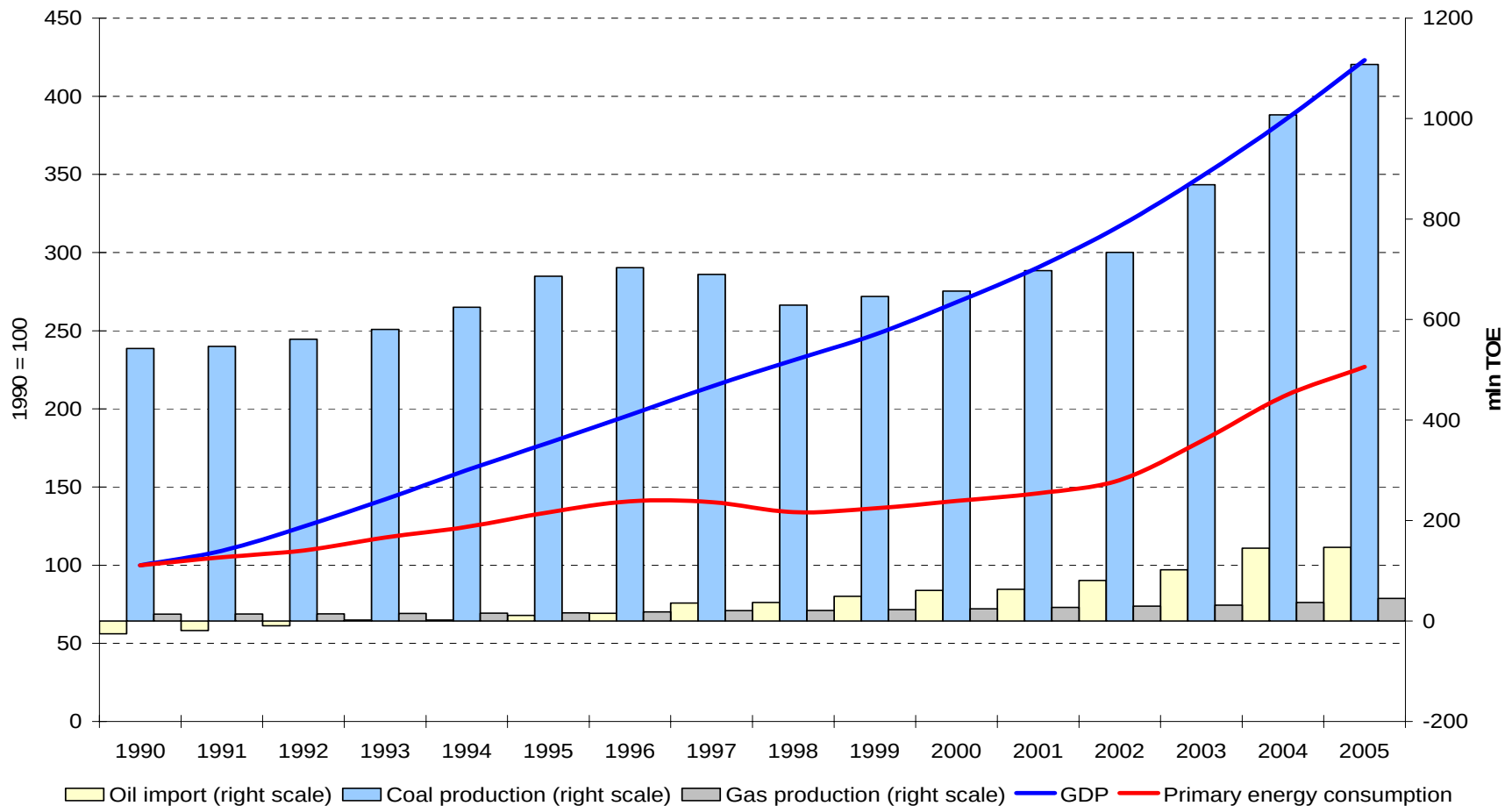
Source: INF, BP

GDP, Primary Energy Consumption, Import of Gas and Oil in EC-25, 1990-2005



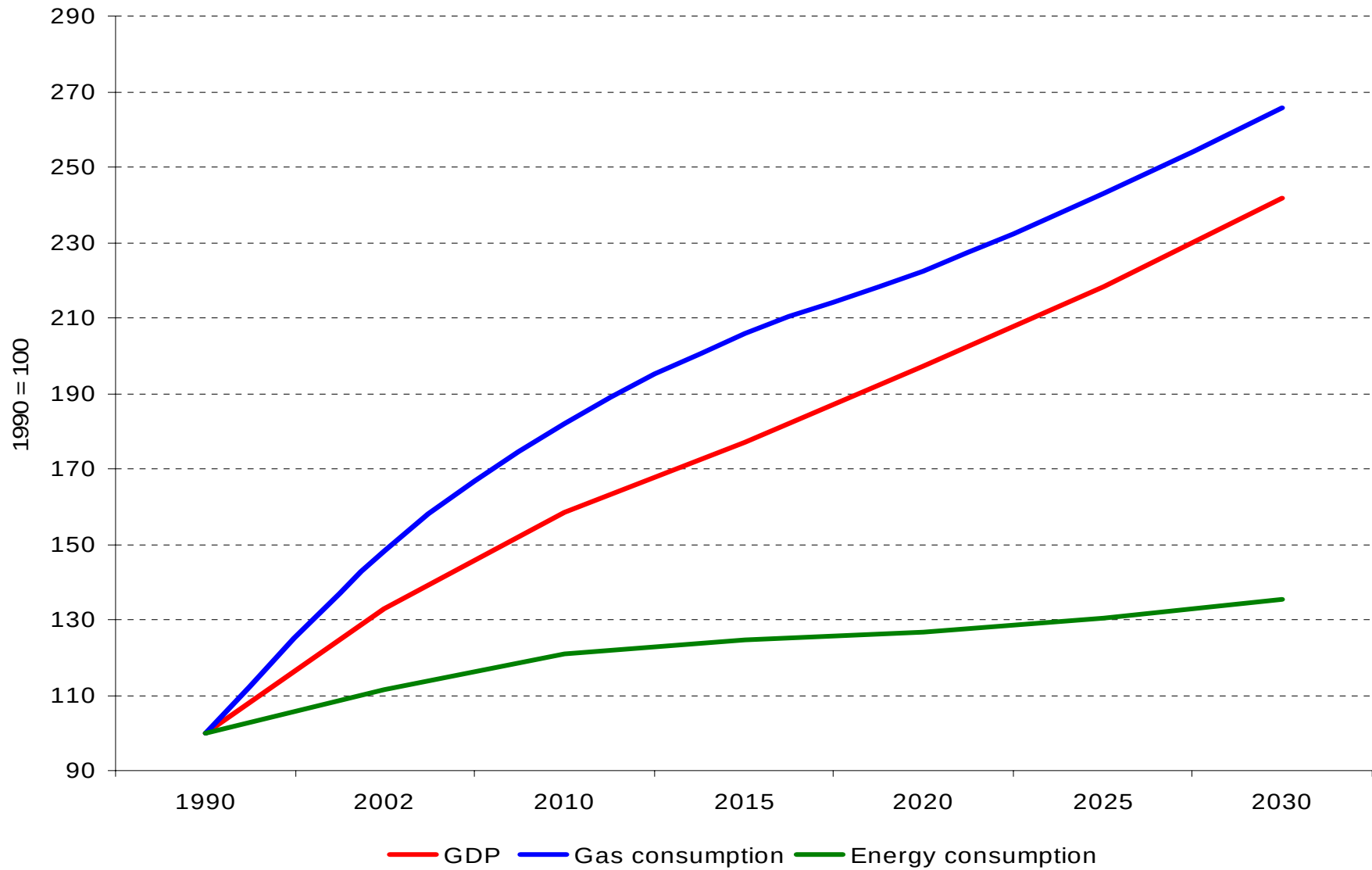
Source: INF, BP

GDP, Primary Energy Consumption, Production of Gas and Coal, Import of Oil in China, 1990-2005



Source: INF, BP

EC 25: 2030 Forecast

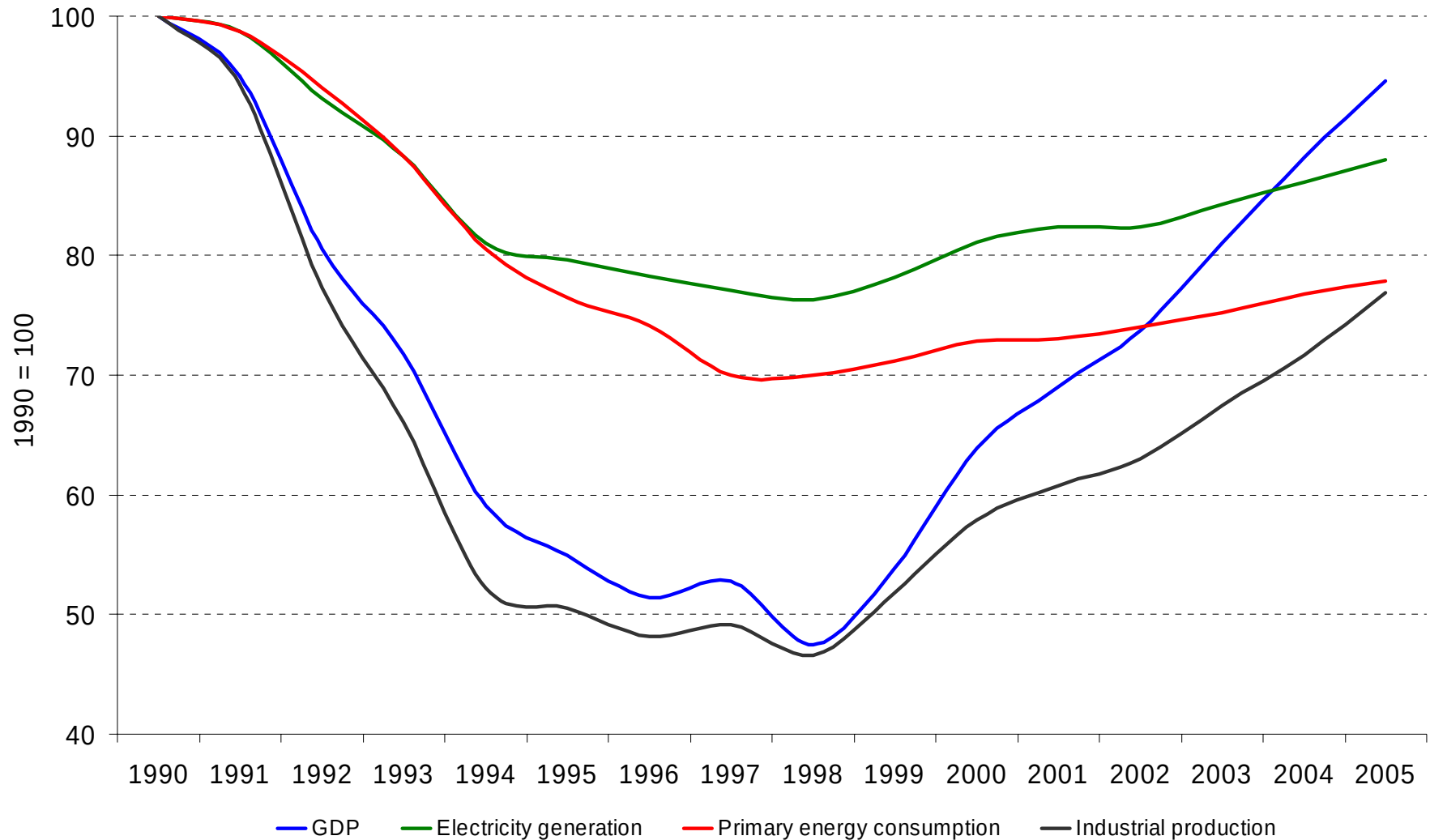


Source: EIA

Russian Energy

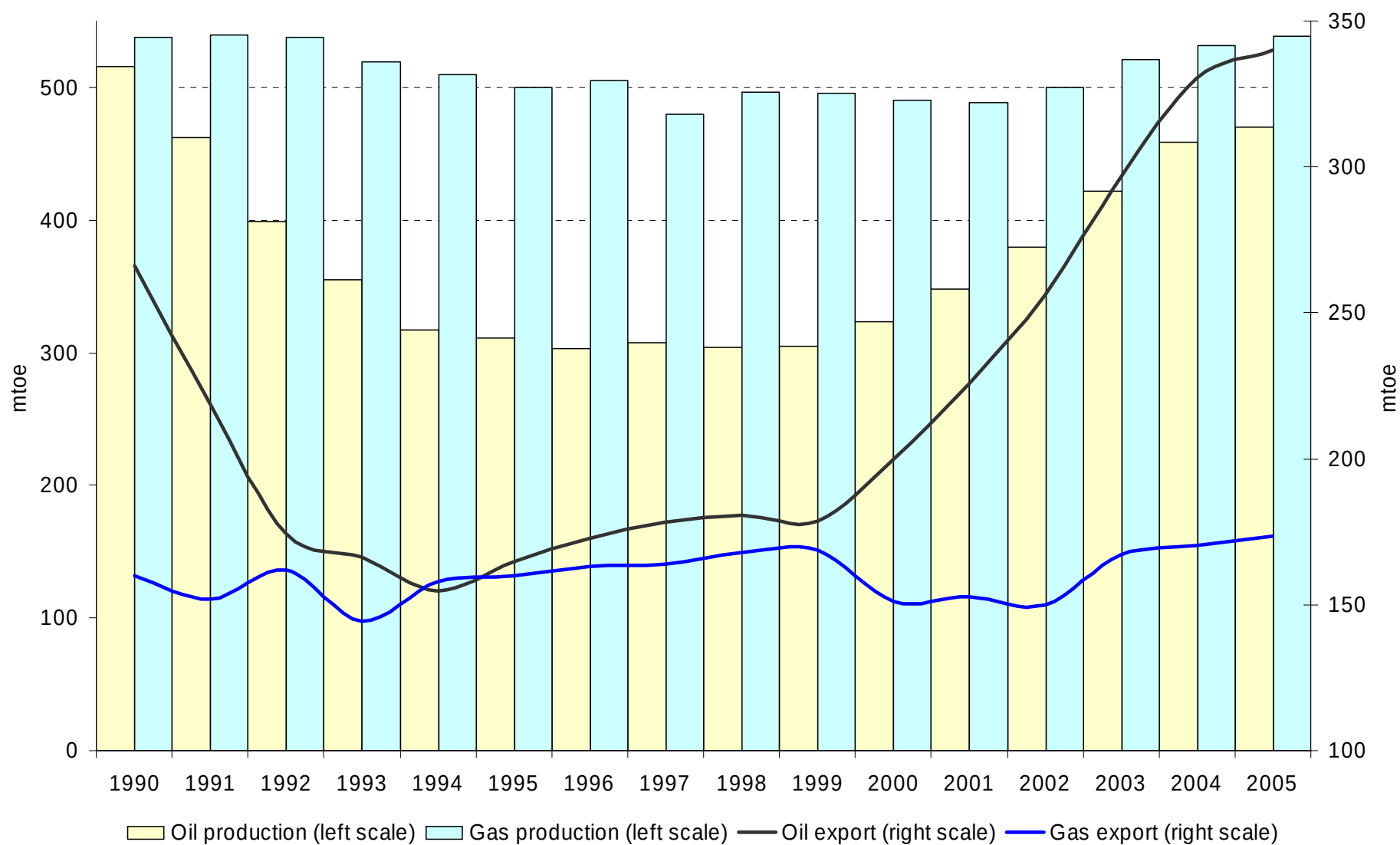
- Oil output made the same curve as GDP
- Primary energy consumption shows some savings
- Electricity follows the increasing industrial and household's demand
- Gas output was stable in 90-s – EU consumers did not “notice Russian crisis”
- Oil and gas companies survived 90-s with incomes from export markets
- More claims for domestic use of gas

Russia: GDP, Electricity Generation, Energy Consumption and Industrial Production



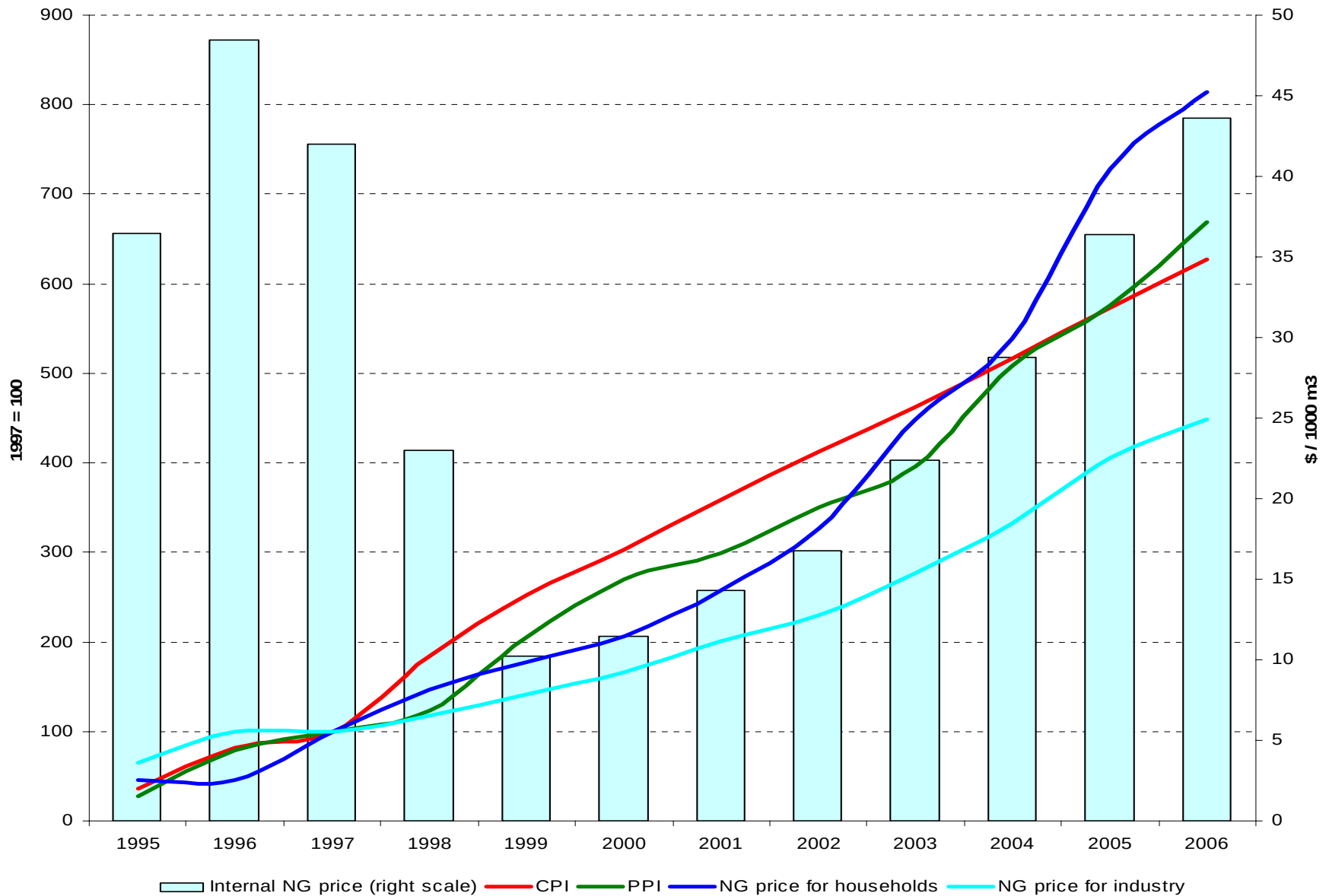
Source: Rosstat, UNSD

Russia: Net Export and Production of Oil and Gas



Source: BP, EIA

Russia Natural Gas Price

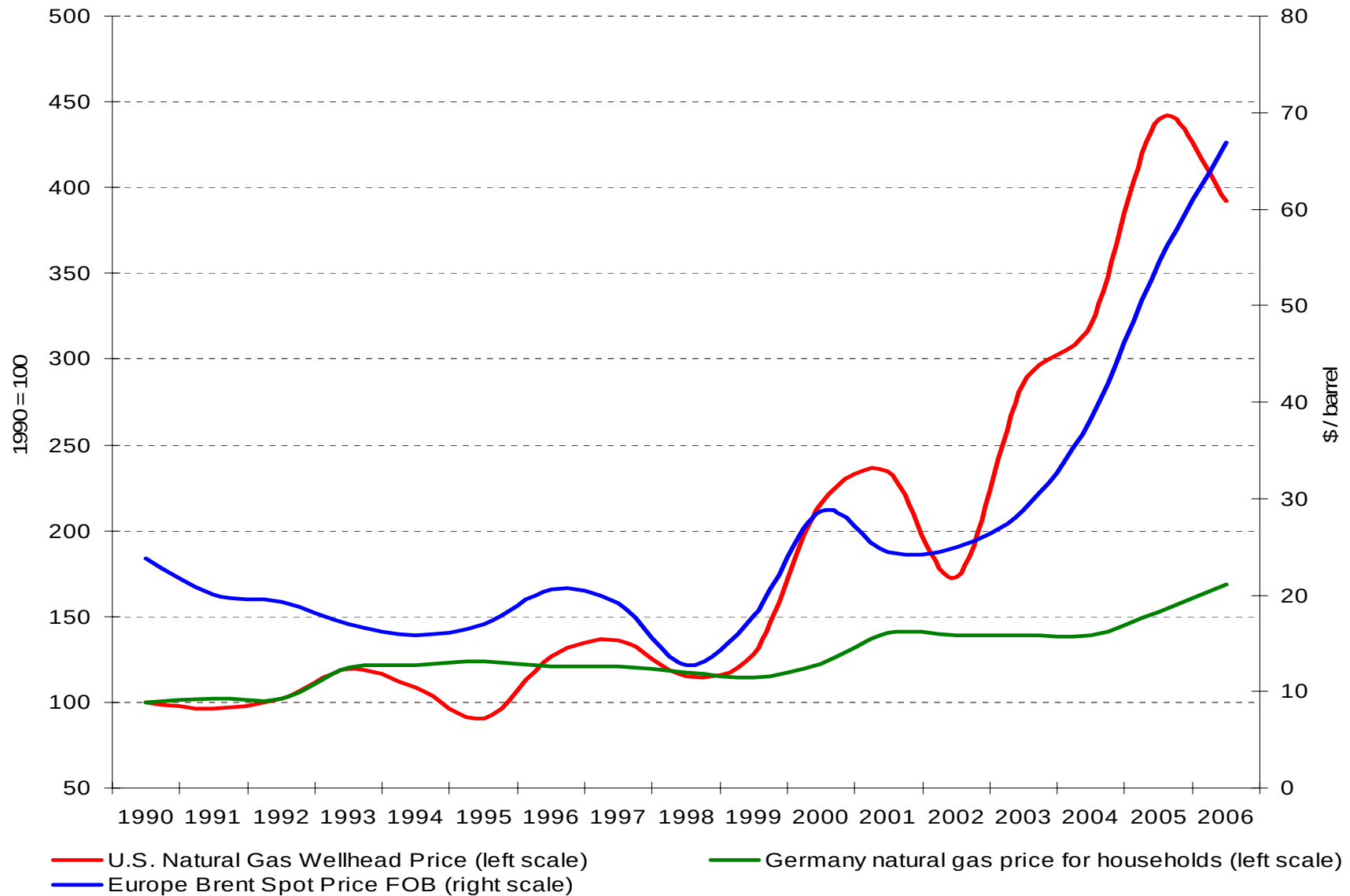


Source: Gazprom, FST, Rosstat

Prices and Investments

- Energy prices were left low in 1997-2000 to help companies to survive the crisis
- Domestic energy prices are growing faster than CPI
- Aluminium, Chemical, Fertilisers and other energy intensive industries export to global market but resist high energy tariffs introduced “too fast”
- Investment decline in the 90s reached 80% - now it goes into resources, transport and communications, etc.
- Prices and investments in energy are interrelated with prices, profits and taxes of all major industries and households
- Companies are keen on honouring delivery contracts

World Energy Prices



Source: EIA

Russia Energy Production: Fact and Official Forecasts

		Russia Energy Strategy 2020 (2003)		
	2005f	2005	2010	2020
Oil, mln t	470	445	490	520
Gas, bcm	636	615	665	730
Coal, mln t	298	280	330	430
Electricity, TWh	952	935	1 070	1 365

Source: BP, Minpromenergo, Rosstat

Domestic Demand and Export

- Domestic prices will grow and the Government is trying to balance domestic interests
- Optimistic scenario of 2003 for 2005 was surpassed on all 4 energy branches
- Companies are trying to meet demand and optimise the long-term global positioning with current supply
- Investments will heavily depend on certainty for futures prices and markets
- New Energy Strategy to 2030 for Russia is expected to be developed next year