Fact Sheet 5

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WORLD ENERGY OUTLOOK 2004

RUSSIA: AN IN-DEPTH STUDY

The WEO-2004 provides an in-depth study of the prospects for Russian energy demand and supply and of the country's strategy role in global energy supply security.

- **Russia will continue to play a central role in global energy supply** and trade through 2030, with major implications for world supply security. The Russian energy sector has undergone a dramatic transformation in recent years. It has been the principal driver of the country's economic recovery since the late 1990s.
- The prospects for **Russian oil production are very uncertain**. This *Outlook* projects production to continue to increase, though more slowly than in recent years, from 8.5 mb/d in 2003 to 10.4 mb/d in 2010 and 10.8 mb/d in 2030. Most of the increase in the short to medium term will be available for export. But the share of Russian exports in world trade will fall back after 2010.
- **Russia will still be the world's biggest gas exporter in 2030**. But output from the country's old super-giant fields is declining, and huge investments in greenfield projects will be needed to replace them. Gazprom will rely more on imports from Central Asia, allowing it to put off development of its own reserves. The prospects for gas production from independent producers will depend on their gaining access to Gazprom's network.
- **The Russian economy's dependence on the oil and gas sectors has grown in recent years**, owing to rising prices and production. It now approaches that of some OPEC countries. Russia's long-term economic prospects hinge on improving the competitiveness and diversity of other manufacturing sectors and of internationally traded services.
- Developing Russia's huge energy resources will call for **investment of more than $900 billion from now to 2030**. A stable and predictable business regime and market reforms will be critical to the prospects for financing this investment. If gas-sector reform is delayed, worries about the security of future supply will increase. Large amounts of foreign capital are unlikely to become available for projects that are not aimed at export markets.
- **Russian energy demand will continue to recover** steadily from the lows reached at the end of the 1990s. Because of price reform, changes in the structure of the economy and investment in more efficient technology, energy demand will grow much more slowly than GDP.
- Russia's energy-related **carbon dioxide emissions will rise**, but will still be 27% below their 1990 level in 2010 and 11% lower in 2030.