

**V INTERNATIONAL FORUM**

**Financial and Price Risk Management  
for Oil & Gas**

**Producers and Consumers**

**25–26 September 2008, Moscow, Russia**

**Petrocurrency  
Russian Ruble:  
How to Sell Crude  
Oil for Rubles**



*Igor SUZDALTSEV*

*Head of Financial Institutions*

*OTP Bank, Russia*

## Definition of Petrocurrency

**Petrocurrency** is a convertible monetary unit of the state in which there is an active crude oil production and trading.

### **Major world's petrocurrencies:**

- Russian Ruble (RUB)
- Canadian Dollar (CAD)
- Norwegian Krone (NOK)
- US Dollar (USD)
- Kuwaiti Dinar (KWD)

## Two steps towards trading of Russian crude oil in rubles

### 1. To ban the export of crude oil of Russian origin.

#### *Results:*

- *The growth of Russian and foreign investments into Russian companies that refine and use crude oil with the goal to increase the income related with utilization of Russian energy sources inside Russia;*
- *The development of Russian industrial production and internal markets, improving of job market;*
- *The strengthening of Russian ruble, improving of buying power and living standards of Russian citizen;*
- *The destruction of comprador bourgeoisie that prefers to develop export operations and to keep the national currency cheap.*

## Two steps towards trading of Russian crude oil in rubles

### **Positive sample: United States of America**

*Average daily US statistics on crude oil on the week of August 22-28, 2008:*

- *Production: 5,100 Thousand Barrels*
- *Imports: 9,830 Thousand Barrels*
- *Exports: 26 Thousand Barrels*

*So, United States are developing domestic markets by utilization of all produced and imported oil.*

*Exports of crude oil by private American companies is significantly limited, practically banned.*

*The U.S. government is NEVER involved in oil exports!*



## Petroleum Navigator

Summary	Prices	Crude Reserves & Production	Refining & Processing	<b>Imports/Exports &amp; Movements</b>	Stocks	Consumption/Sales	Publications & Analysis
---------	--------	-----------------------------	-----------------------	--	--------	-------------------	-------------------------

### Weekly Imports & Exports

Area:

Period-Unit:

[Download Series History](#)

[Definitions, Sources & Notes](#)

07/25/08	08/01/08	08/08/08	08/15/08	08/22/08	08/29/08	View History
<b>Imports</b>						
Crude Oil and Petroleum Products	13,215	13,333	12,257	13,917	13,117	12,634 <a href="#">1991-2008</a>
Crude Oil	10,005	10,193	9,655	10,991	9,979	✓ 9,830 <a href="#">1990-2008</a>
<b>Exports</b>						
Crude Oil and Petroleum Products	1,451	1,544	1,501	1,501	1,501	1,363 <a href="#">1991-2008</a>
Crude Oil	27	27	27	27	27	✓ 26 <a href="#">1991-2008</a>
Petroleum Products	1,424	1,517	1,474	1,474	1,474	1,337 <a href="#">1991-2008</a>
<b>Net Imports</b>						
Net imports Incl. SPR	11,764	11,789	10,756	12,416	11,616	11,271 <a href="#">1991-2008</a>

- = No Data Reported; -- = Not Applicable; NA = Not Available; W = Withheld to avoid disclosure of individual company data.

**Notes:** Due to independent rounding, individual product detail may not add to total. See Definitions, Sources, and Notes link above for more information on this table.

Release Date: 9/4/2008

Moscow, 25th  
September 2008

## Email from the US Department of Energy on the 8<sup>th</sup> September 2008

Dear Mr. Suzdaltsev:

Thank you for your inquiry concerning U.S. crude oil exports. There are restrictions on the export of domestically produced crude oil.

**Crude oil exports are restricted to:** (1) crude oil derived from fields under the State waters of Alaska's Cook Inlet; (2) Alaskan North Slope crude oil; (3) certain domestically produced crude oil destined for Canada; (4) shipments to U.S. territories; and (5) California crude oil to Pacific Rim countries. **The U.S. government is not involved in oil exports.**

Within the Export Administration Regulations Database ([http://www.access.gpo.gov/bis/ear/ear\\_data.html](http://www.access.gpo.gov/bis/ear/ear_data.html)), you can find information on restrictions on crude oil exports and the exceptions to those restrictions in Part 754 - Short Supply Controls at: <http://www.access.gpo.gov/bis/ear/pdf/754.pdf>

**Currently, all of the crude oil exported from the U.S. goes to Canada.**

You can find data on U.S. crude oil exports by country of origin at:

[http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_expc\\_a\\_EPC0\\_EEX\\_mbbl\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_expc_a_EPC0_EEX_mbbl_m.htm)

Moscow, 25<sup>th</sup>

6

September 2008

## Two steps towards trading of Russian crude oil in rubles

**2. To make Russian ruble a major settlement currency for all domestic, export or import commodity deals made by people and companies – the residents of Russian Federation.**

### ***Results:***

- *The growth of usage of Russian ruble as settlement currency around the world;*
- *The growth of Russian ruble FX trading on financial markets;*
- *Simplification of international settlements and increasing of profitability of Russian companies due to the elimination of expenses for currencies' conversion;*
- *Ruble strengthening to the level of reserve currency.*

## Conclusion

It is necessary to make these two steps in establishing of crude oil trading for rubles in 2009 because it will help to Russian oil companies to escape the systemic risk related to the possible default of American financial system.

It will also provide the basis for achieving of the goal of Russian President Dmitry Medvedev to establish the Russian ruble as reserve currency.



## **Contacts:**

**Igor Suzdaltsev**

**OJSC “OTP Bank”**

**Telephone: +7 495 228 8030**

**Reuters: OTPM**

***THANK YOU!***