

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**



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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](#)[Imports/Exports & Movements](#)[Stocks](#)[Consumption/Sales](#)[Publications & Analysis](#)

Weekly Imports & Exports

Area: Period-Unit: [Download Series History](#)[Definitions, Sources & Notes](#)

Show Data By:

 Data Series Area

07/25/08

08/01/08

08/08/08

08/15/08

08/22/08

08/29/08

[View History](#)**Imports**

Crude Oil and Petroleum Products

13,215

13,333

12,257

13,917

13,117

12,634

[1991-2008](#)

Crude Oil

10,005

10,193

9,655

10,991

9,979

✓ 9,830

[1990-2008](#)**Exports**

Crude Oil and Petroleum Products

1,451

1,544

1,501

1,501

1,501

1,363

[1991-2008](#)

Crude Oil

27

27

27

27

27

✓ 26

[1991-2008](#)

Petroleum Products

1,424

1,517

1,474

1,474

1,474

1,337

[1991-2008](#)**Net Imports**

Net imports Incl. SPR

11,764

11,789

10,756

12,416

11,616

11,271

[1991-2008](#)

- = 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.

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Email from the US Department of Energy on the 8th 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), 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

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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.

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THANK YOU!