Notebook

Ex-USSR: Oil Exporter or Importer?

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Political disintegration and economic *perestroika* in the former Soviet Union (FSU) have major international ramifications and some of these can be found in the oil sector. On the one hand, one wonders about their impact on the quantity and quality of oil exports from the world's largest oil-producing country. On the other, the opening of the oil industry to foreign investors focuses attention on the complicated internal and inter-republic oil issues which emerged after the sudden fragmentation of the Soviet oil empire into a dozen sovereign but still interdependent parts.

Initial Conditions

By the time of the failed August 1991 coup in Moscow, the ailing national oil industry had just passed the point at which it involved more interdependence across the 15 republics of the fabulous "unbreakable union" than ever before, though still with an obvious reliance upon Russia's oil supplies. In 1990, in particular, the Russian Federation (RF) accounted for 90% of Soviet production of crude oil and gas condensate, 65% of refined products output, and 95%

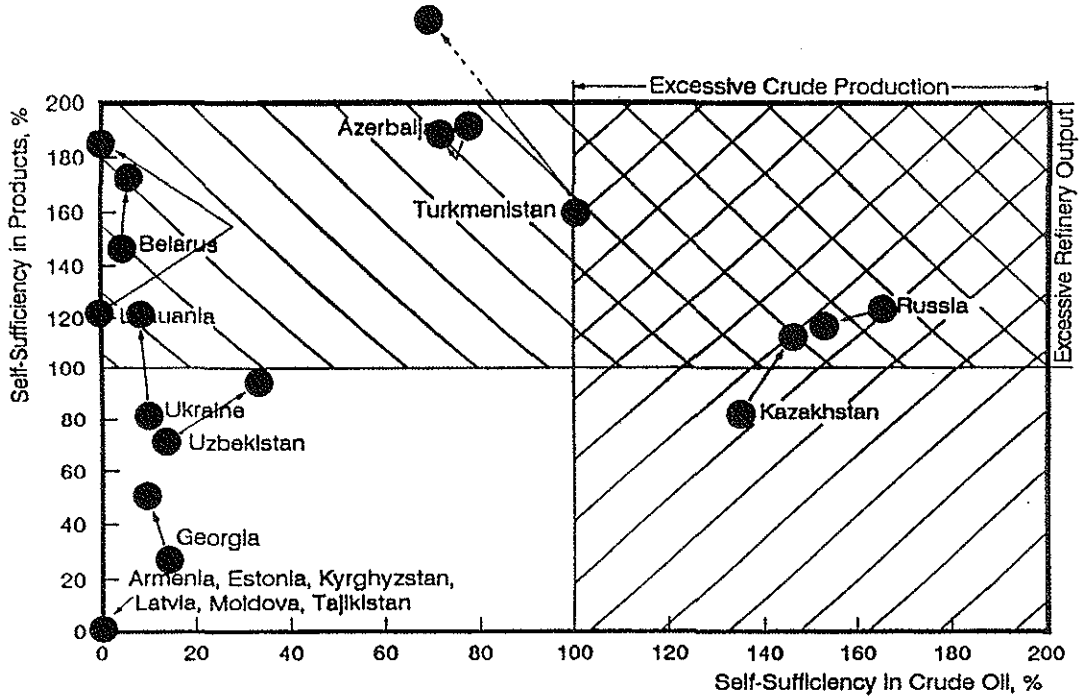

Figure 1: Oil Self-Sufficiency of Soviet Republics—1990 and 1991

of foreign trade in liquid fuels. (current data on the Russian oil industry are provided in an Appendix to this paper.) As well, the RF occupied a unique position in that it was the only Soviet republic with a surplus of both crude and products, and it provided its surplus oil to all the Soviet "have nots" (see Figure 1). The second largest oil producer, Kazakhstan, which contributed a much smaller portion of national oil production (4%), had to import Siberian crudes to feed two of its three refineries and could not fully satisfy its own needs for products. Meanwhile, the other four oil-processing republics (Belarus, Azerbaijan, Lithuania, and Turkmenia), which "hosted" about 16% of the country's refinery runs and had product surpluses, had to rely on Russian feedstock supplies. Other Soviet republics, including Ukraine, Uzbekistan and Georgia, which were traditionally oil-producing and refining states, were between 75 and 100% dependent on deliveries of both crude and product surpluses produced in Russia.

For 1991, disaggregated data on crude oil balances of the FSU republics show a substantial divergence in the degree of self-sufficiency in crude. It ranged from around 150% for the RF and Kazakhstan to some 70% for Azerbaijan and Turkmenistan, to less than 33% for Uzbekistan, to between 5 and 10% for Belarus, Ukraine, and Georgia, and to zero in the case of Lithuania and those ex-Soviet republics which have no refinery capacity (see Table 1).

In turn, due to an even more uneven distribution of the FSU's refining industry, self-sufficiency in oil products differed across republics to an even greater extent. In 1991 six of the former Soviet republics (Russia, Ukraine, Belarus, Azerbaijan, Lithuania, and Turkmenistan) were self-reliant in products, with ratios of their sufficiency varying from 1.0 to 2.5. At the same time, the other oil-processing republics (Uzbekistan, Kazakhstan, and Georgia) could only partly cover their own needs for liquid fuels, while the remaining six (including two Baltic states) were completely dependent on refined products imported from the nearest republics with product surpluses, especially

Table 1: Crude Oil Balances of the Former Soviet Republics (1991)

Republic	Gross Output[1] (mmb/d)	Refinery Capacity (mmb/d)	Refinery Thruput (mmb/d)	Capacity Utilization (%)	Net Outflow (mmb/d)	Domestic Demand[2] (mmb/d)	Self-Sufficiency[3] (%)
Russia	9.26	6.44	5.75	89.3	3.26	6.00	154.0
Kazakhstan	0.54	0.39	0.38	95.5	0.17	0.37	146.0
Azerbaijan	0.23	0.40	0.33	81.7	-0.09	0.32	72.2
Turkmenia	0.11	0.24	0.15	62.5	-0.04	0.15	71.1
Ukraine	0.10	1.25	1.20	96.0	-1.01	1.11	8.9
Uzbekistan	0.05	0.17	0.17	94.0	-0.10	0.15	32.5
Belarus	0.04	0.83	0.79	94.0	-0.68	0.72	5.9
Georgia	0	0.10	0.04	40.4	-0.03	0.04	9.6
Kyrgyzstan	0	-	-	N/A	0	0	N/A
Tajikistan	0	-	-	N/A	0	0	N/A
Lithuania	-	0.27	0.24	89.5	-0.22	0.22	0
Others[4]	-	-	-	N/A	-	-	N/A
Total	10.37	10.10	9.08	89.8[5]	1.22	9.15	113.5[5]

Notes:
1/ Including field losses and condensate.
2/ Including own and direct use, losses and stock changes.
3/ As applied to Domestic Demand.
4/ Latvia, Estonia, Armenia, and Moldova.
5/ Weighted average.
Totals may not add due to independent rounding.

from the RF, which remained the largest exporter of liquid fuels both inside and outside of the Soviet Union (see Table 2).

Nevertheless, despite mismanagement of the huge national oil complex and dwindling supplies of Russian (mainly West Siberian) crudes before the country began to break apart and even until the August coup, the integrated oil industry of the Soviet Union remained fairly coordinated and functioned relatively smoothly. However surprising it might seem (in view of the absence of market mechanisms), virtually all available oil (crude, gas condensate and refined products) was properly transported on schedule, processed, and distributed to numerous (and quite complacent) consumers in all 15 republics. This remarkable harmony was rooted in the tight and strict centralized control of the industry, which saw the first "cracks of democratization" only at the beginning of the 1990s. Furthermore, the mere existence of the infrastructure of technologically interdependent oil fields, pipelines, refineries and distribution bases, spread throughout the country, would never have let the nationwide oil complex fall apart on the day after declaration of independence by the republics. That is why, even after the official funeral of the USSR in December 1991, the anachronisms of the central, command management of the industry and its trans-border "technical" integration still kept the FSU oil complex from complete "balkanization," even though they could not avoid the more frequent oil supply disruptions and widening imbalances in regional oil supply and demand.

Early Effects of Breakup

The spreading shortages of liquid fuels, which have hit virtually all regions of the FSU (particularly the republics with permanent product

Table 2: Oil Product Balances of the Former Soviet Republics (1991)

Republic	Gross Output[1] (mmb/d)	Net Outflow (mmb/d)	Domestic Demand[2] (mmb/d)	Self-Sufficiency (%)
Russia	5.67	1.06	4.61	123.0
Ukraine	1.19	0.01	1.18	101.0
Belarus	0.78	0.10	0.68	115.0
Kazakhstan	0.37	-0.07	0.44	84.0
Azerbaijan	0.32	0.14	0.18	183.5
Lithuania	0.24	0.11	0.13	185.0
Uzbekistan	0.16	-0.02	0.18	91.5
Turkmenistan	0.15	0.09	0.06	250.0
Georgia	0.04	-0.05	0.09	50.0
Latvia	-	-0.20	0.20	0
Moldova	-	-0.11	0.11	0
Armenia	-	-0.09	0.09	0
Kyrgyzstan	-	-0.05	0.05	0
Tajikistan	-	-0.05	0.05	0
Estonia[3]	-	-0.04	0.04	0
Total	8.93	0.84	8.09	110.4[4]

Notes:
1/ Including refinery fuel (but excluding refinery losses).
2/ Including refinery fuel, storage and distribution losses, and stock changes (but excluding refinery losses and processing gain).
3/ Without account of negligible amounts of oil shale liquids produced and consumed domestically.
4/ Weighted average.

deficits), were caused by a rapid breakdown of the centrally-controlled distribution of basic goods, which has not yet been replaced by emerging market links between producers and consumers. By the end of 1991, when the central management crisis was exacerbated by the dissolution of the USSR, the former nationwide distribution system was finally dismantled into 15 disabled fragments. The newly established, direct, producer-consumer links experienced additional centrifugal pressures from the republics' oil nationalism.

By mid-November the RF government, preoccupied with its own economic problems and seeking to prevent any possible re-export of Russian oil in the form of products produced by other former republics (especially Ukraine, Belarus, and Lithuania), temporarily banned the "inside" export of Russian liquid fuels and introduced a strict export quota-and-license system which applied as well to all the "brother" republics of the FSU. By the end of January 1992, when the ban was finally lifted, the disappointed FSU republics, which were now treated rather as foreign states, discovered that Russian oil export quotas for 1992 left them on a forced starvation diet. It referred to the authorized supplies of Russian *crude* oil, which were curtailed by more than half compared to the at least 2 mmb/d in the preceeding years (see Table 3).[1] Where the reduced

1/ Actual deliveries of Russian crude to other oil-processing republics of the FSU went down from 2,374 thousand barrels per day (mb/d) in 1991 to

Table 3: Authorized Inter-Republican Exports of Russian Crude Oil - 1992 (mb/d)[1]

Importing Republic	Exporting Region					
	West Siberia	Volga-Urals	North Caucasus	Kalinin-grad	Others[2]	Total
Ukraine	168	63	3	11	58	302
Belarus	262	28	-	-	-	290
Kazakhstan	191	-	-	-	-	191
Lithuania	56	-	-	-	-	56
Uzbekistan	42	-	-	-	-	42
Turkmenistan	27	-	-	-	-	27
Azerbaijan	25	-	-	-	-	25
Georgia	11	-	-	-	-	11
Total	781	91	3	11	58	944

Notes:
1/ In accordance with export quotas defined on January 23, 1992.
2/ Swap deliveries from Kazakhstan (in exchange for West Siberian crude supplies to eastern and southern Kazakhstan).
Totals may not add due to independent rounding.

deliveries of Russian crude resulted in shortages, they had to be augmented by hard-currency or barter-based imports from other oil-exporting countries.

A Medium-Term Perspective

Although the oil shortages that occurred in some of the former Soviet republics during 1991 and the first half of 1992 appeared as if they were purposely created by the Russian leadership with the object of political blackmail, it would be unreasonable to predict that unavoidable political conflicts between the newly declared sovereign states will inevitably result in oil supply disruptions. First, such a potential consequence will be counterbalanced by the market-induced integration of the economically interdependent states, which is developing virtually in reverse proportion to the rapid breakup of the Soviet Empire. Second, at least until 2000, the integrity of the FSU oil market will be supported by the existing infrastructure, which ties the national oil industries into a single technological complex. Finally, the official fragmentation of the USSR oil industry will be dampened by the dominant position of Russian oil on the present petroleum market of the FSU, and this will likely continue into the future (more on this below).

In this light, rumours about possible disruptions in oil exports, which could be caused by political clashes between Russia and the other oil-transporting republics (especially the Baltic states and Ukraine) seem greatly exaggerated. As soon as their claims for sovereignty are formally satisfied and the issue of political independence is *de jure* settled, none of the neighbour states would any longer be interested in blocking or hindering the movement of Russian oil through their territories. This is due to their heavy dependence on these vital supplies (see Figure 2) and on associated transit payments. Neither should it be assumed, however, that inter-republic relations will be completely smooth and conflict-free. They are sure to be complicated by inevitable economic

1,505 mb/d last year, of which Ukraine received 668 mb/d, Belarus - 399, Kazakhstan - 227, Uzbekistan - 82, Lithuania - 80, Turkmenistan - 19, Azerbaijan - 17, and Georgia - 13 mb/d. As for "inside" exports of Russian oil products, in 1992 their deliveries to other FSU republics decreased by 30% (to about 390 mb/d).

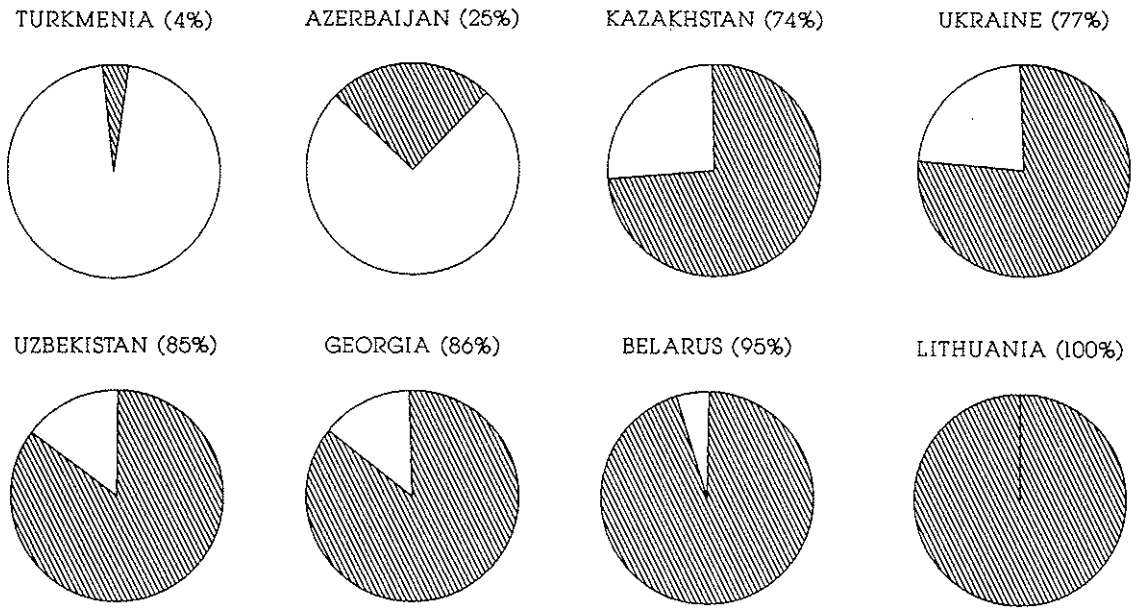

Figure 2: Dependence on Russian Crude—Share of Russian Crude Oil in Total Refinery Throughput, 1991

frictions and possible trade wars.

What can really affect the world oil market is the rapid decentralization of Soviet oil trade, which used to be virtually monopolized by the all-Union foreign-trade agency Soyuznefte-export (SNE).[2] At present, this traditional monopoly is being actively undermined by a growing number of "independent" sales handled by other trading companies (both national and partly foreign-owned) or directly by FSU oil producers, and especially by quite aggressive and independence-minded national refineries. In 1990 some 10% of all exported Soviet oil (or more than 320 mb/d) actually bypassed SNE, which was not involved in these "democratic" deals even as a broker or a commission agent. Every fourth barrel of these decentralized deliveries (including 14 mb/d of crude and 66 mb/d of products) was counter-traded in barter deals. Their estimated "shadow" prices were, on average, four times lower than the corresponding world market prices. In 1991 the share of decentralized oil exports amounted to 20% of the country's oil trade (or to about 420 mb/d out of 2.08 mmb/d), and the share of non-centrally controlled supplies of refined products exceeded 40% of the country's product exports (370 mb/d out of 880 mb/d).[3]

Further decentralization, which will inevitably result from direct marketing of the ever-growing decontrolled oil streams, is likely to bring forth many new currency-starved national exporters. Unless they are bound by sensible government regulations or production-sharing agreements with their foreign partners, they may add substantially to international market competition, further undercut unstable world oil prices, and trigger another damaging price war. In this regard, it is possible that the governments of the oil-producing

2/ In 1992, SNE was renamed to recognize it as the Russian state oil company. It is now called Nafta Moskva.

3/ According to preliminary data, in 1992 export sales of "freely traded" Russian crude accounted for more than 38% of all Russian exports of crude oil (508 mb/d out of 1.32 mmb/d) while decentralized deliveries of oil products provided about 44% of Russia's product exports (235 mb/d out of 540 mb/d).

republics, which are sure to be involved in international agreements and cooperative schemes, will resist an unrestrained liberalization of oil trade both at the Commonwealth and republican levels.[4]

The first evidence of growing government concern about the negative consequences of decentralization was the establishment of a new monopolistic structure called upon to replace the disappearing USSR Ministry of Oil & Gas Industry. In October 1991 the Russian government approved an earlier "democratic" decision "to form on a voluntary basis" the Russian State Oil & Gas Corporation. This state-run entity united all the operational and research associations producing crude oil, oil-well and offshore gas, and transporting oil and manufacturing petroleum equipment anywhere in the RF. Dubbed Rosneftegaz, the newly born corporation was empowered with almost unlimited authority and the unprecedented privilege of controlling "state-ordered" production, distributing allocated export quotas, and advising the Russian administration on domestic pricing of oil and gas. In December 1991 the monopolistic position of Rosneftegaz was in fact safeguarded and reinforced by another Gaidar decree, which actually banned any further decentralization of the national energy sector and stipulated that all of its (recently "destated" or partly privatized) enterprises should be reconverted into wholly state-owned holding companies. In the same vein, last June the RF government again tightened the "control screws" by depriving oil producers of their independent legal status and by appointing a new, hard-line Vice-Premier to take charge of the energy complex.

The appointment of Viktor Chernomyrdin, the former USSR Minister of Gas Industry, to govern the anarchic oil producers signified a shift to a more centralized and, consequently, stricter management of the ailing industry, which may be given more generous financial support but less freedom to dispose of its own products (especially, on international markets). At the same time, the appointment of this strong-hand ruler, who cannot hide his negative attitude to any form of "destructive liberalization" and his xenophobic feelings toward "unnecessary" foreign companies, will hardly accelerate the envisaged partial privatization of the industry, and will likely close some doors too widely opened for foreign investors.

As for the long-awaited Soviet petroleum legislation (the drafts of which were forever shelved by the August coup), the breakup of the USSR made it absolutely senseless and redirected efforts of FSU lawmakers toward drafting and discussing original bills from the republics. Though this multinational lawmaking process has just started and no special petroleum-related laws have been adopted in any of the former Soviet Republics,[5] foreign oil companies interested in doing business in the FSU may soon find themselves dealing with several national legislatures. Due to similarities in thinking and educational backgrounds, and a lack of national legal traditions, general rules and the principal regulations which could be imposed by parallel legislation in different republics are unlikely to vary a lot. On the other hand, specific terms and conditions for petroleum-related activities and fiscal regimes for foreign investors are sure to vary substantially from one republic to another, and will certainly reflect varying

4/ In December 1992 Russia and Kazakhstan began active consultations on creation of their bilateral "mini-OPEC" (open, however, to any other FSU members); in January 1993 Ukraine set afloat an idea of an oil refiners' union (with Russian, Belarusian and Kazakh enterprises invited to participate); and at the beginning of February a tentative plan to form a Kazakh-Azeri oil "cartel" was made public.

5/ In addition to the national laws on foreign investments that were recently enacted in many of the FSU's republics, at the end of March 1992 the Russian president signed the Law on Mineral Resources which codified general rules for the use of the nation's mineral wealth and was to be supplemented eventually by a more specific petroleum (oil and gas) legislation. Two months later, on May 30, 1992, Russia's action was repeated by the Supreme Council (parliament) of Kazakhstan which adopted its Code on Mineral Resources & Processing of Mineral Raw Materials.

Table 4: Scenarios of FSU Oil Balance (mmb/d)

	Scenarios[1]					
	Slow Marketization			Economic Shock		
Year	Supply[2]	Demand[3]	Net Export	Supply[2]	Demand[3]	Net Export
1991[4]	10.4	8.3	2.1	10.4	8.3	2.1
1992[5]	9.1	7.0	2.1	8.9	6.9	2.0
1993	8.4	6.8	1.6	8.1	6.3	1.9
1994	8.0	7.3	0.7	7.8	5.9	1.9
1995	7.7	7.8	-0.1	8.0	6.0	2.0
1996	7.9	7.9	0	8.5	6.0	2.5
1997	8.1	7.7	0.4	9.2	6.5	2.7
1998	8.1	7.8	0.3	10.3	6.9	3.4
1999	8.3	7.9	0.4	10.6	7.2	3.4
2000	8.4	7.8	0.6	10.6	7.5	3.1

Notes:
1/ See description of the scenarios in *OPEC Bulletin*, June 1992, No.6, pp.16-17.
2/ Gross indigenous production, including condensate.
3/ Total inland demand, including own and direct use, losses and changes in stocks of crude and products.
4/ Comparable actual data.
5/ Preliminary and projected data.
Totals may not add due to independent rounding.

national interests in achieving a higher level of self-sufficiency in oil.

Likely Scenarios

Under the growing pressure of market reforms, all parts of the export equation (indigenous supplies, domestic requirements, and the export policy itself) are no longer determined only by fairly predictable physical constraints and by somewhat understandable, though less predictable, political pretensions, but are now influenced to an ever greater extent by emerging economic and social forces. Oil developments in the FSU, and their impact on world oil markets, will greatly depend on the pace, speed, and depth of the country's marketization. This adds much uncertainty to the already complicated perspective of FSU oil exports.

The dramatic political, economic and social events that occurred after the August coup have confirmed our earlier choice of the "economic shock" and "slow marketization" scenarios as the most probable versions of medium-term development in the FSU economy and its petroleum sector (Khartukov and Fesharaki, 1991; Khartukov and Surovtsev, 1992). Furthermore, the preceding one-year period of radical market reforms made it possible to refine our 1991 forecast, taking into account their actual implementation. As a result of Viktor Chernomyrdin's appointment as the RF Prime Minister, the Russian government is likely to take a more "balanced," cautious approach to the economic reforms and to change its course from painful "shock therapy" to a somewhat slower marketization path.

Because of this vacillation between the "economic shock" and "slow marketization" paths in the FSU economies, it is useful to focus on these scenarios. They are presented in their updated, though still aggregated, form in Table 4.

Table 5: Projected Oil Balances of the Former Soviet Republics (mmb/d)

Republic	1995			2000		
	Supply	Demand	Net Export	Supply	Demand	Net Export
Russia	6.3-6.7	3.8-4.6	1.7-2.9	6.7-8.0	4.3-4.6	2.1-3.7
Kazakhstan	0.7	0.4	0.3	0.8-1.0	0.4-0.6	0.3-0.5
Azerbaijan	0.3	0.2	0.1	0.4-0.5	0.2-0.3	0.1-0.3
Turkmenistan	0.1	0.1	0	0.1	0.1	0
Ukraine	0.1	0.7-0.8	-(0.6-0.7)	0.1-0.2	0.7-1.0	-(0.5-0.9)
Uzbekistan	0.1	0.2	-0.1	0.2-0.3	0.2	0-0.1
Belarus	0	0.3-0.4	-(0.3-0.4)	0.1	0.3-0.4	-(0.2-0.3)
Georgia	0	0.1	-0.1	0	0.1	-0.1
Kyrgyzstan	0	0-0.1	-0.1-0	0	0.1	-0.1
Tajikistan	0	0-0.1	-0.1-0	0	0.1	-0.1
Lithuania	0	0.1	-0.1	0	0.1	-0.1
Latvia	-	0.1	-0.1	-	0.1	-0.1
Moldova	-	0.1	-0.1	0	0.1	-0.1
Armenia	-	0.1	-0.1	0	0.1	-0.1
Estonia	-	0.1	-0.1	-	0.1	-0.1

In turn, a republic-by-republic section of the updated outlook is presented in Table 5. It reflects both the growing striving for higher self-sufficiency in oil and the physical constraints in the way of achieving this goal. Thus, by the end of this century almost all the FSU "have nots" can marginally improve their present oil position either through developing their modest petroleum resources or by curtailing wasteful consumption of oil products. At the same time, due to probable substantial increases in indigenous crude production, Uzbekistan may join the "club" of net exporters, while Kazakhstan and Azerbaijan could expand their export potentials. As for Russia, it is likely to remain the FSU's largest oil-exporting state, with one-third to one-half of its oil output still available for export.

Changing Export Composition

Another factor which is affecting FSU oil trade is caused by the breakup of the Soviet petroleum industry. Technologically interdependent enterprises have found themselves separated not only by the absence of market links but also by new political borders. Producers of Russian oil, which used to be processed in other, oil-short republics, became isolated from the traditional refiners of their crude in Ukraine, Belarus, and Lithuania, which, in turn, have to supplement restricted supplies with feedstock imported from outside the FSU or else curtailed their crude requirements. Moreover, even the Russian refining industry is no longer voluntarily supplied by the increasingly independent oil producers, who have obtained greater freedom to export and are striving not to lose this long-awaited opportunity.

These disruptions in the chain of supply bring about changes in the composition of available liquid fuels exports, toward crude oil and away from refined oil products. Thus, the destabilizing impact of the decentralized oil export surplus in European markets may be considerably exacerbated by these disproportionately larger deliveries of unprocessed

Table 6: Oil Developments in Russia and in the (Former) Soviet Union (mmb/d)

	Russian Federation			Former Soviet Union		
	1991[1]	1992[2]	1993[3]	1991[1]	1992[2]	1993[3]
Gross Oil Production	9.27	8.0	7.0-7.3	10.37	9.1	8.1-8.4
Crude Oil	9.03	7.8	6.8-7.1	9.95	8.7	7.8-8.0
Gas Condensate	0.24	0.2	0.2	0.42	0.4	0.4
Refinery Thruput[4]	5.75	5.1	4.9-5.1	9.09	7.2	6.9-7.4
Refinery Production[4]						
Furnace Fuel Oil	1.76	1.6	1.6	3.00	2.3	2.2-2.4
Diesel Fuel	1.46	1.3	1.3	2.20	1.9	1.8-1.9
Motor Gasoline	0.91	0.8	0.8	1.40	1.2	1.1-1.2
Jet Fuel	0.35	0.3	0.3	0.54	0.4	0.4
Other Crude Oil Requirements[5]	0.24	0.4	0.2-0.3	0.06	0.3	0.2-0.3
Gross Products Consumption[6]	4.73	4.2	3.8-4.1	8.29	6.7	6.1-6.4
Net Oil Exports[7]	4.33	3.4	2.8-3.3	2.07	2.1	1.6-2.0
Crude Oil	3.26	2.5	1.7-2.1	1.21	1.5	0.7-0.9
Oil Products	1.06	0.9	1.0-1.3	0.86	0.6	0.9-1.1

Notes:
1/ Actual or partly estimated.
2/ Preliminary and estimated.
3/ Forecast.
4/ Without account of crude processing deals (emerging from the end of 1992).
5/ Own and direct use, losses and stocks change.
6/ Including refinery fuel, processing gain, refinery and distribution losses, and stocks change.
7/ Without account of re-exports and deliveries related to crude processing deals. In the case of Russia, including net trade with other FSU republics (see Table 7).
Totals may not add due to independent rounding and different weight-to-volume coefficients.

crude oil. This phenomenon has already been observed. During 1992, despite sharply declining crude oil output, the Russian petroleum industry, with its primary distillation capacity of some 6.4 mmb/d was unable to process all of the available crude oil. As a result, in the absence of major crude processing deals which could have been concluded with traditional partners in other ex-Soviet republics or Eastern Europe or, perhaps, with some West European refiners, last year the FSU (mainly Russia) exported even larger amounts of crude oil, which overwhelmingly dominated liquid fuels exports in 1992 (see Tables 6 and 7).

Concluding Comments

Gorbachev's perestroika unintentionally and unexpectedly has led to the political disintegration of the Soviet Union and, almost immediately, to the breakup of its formerly "one and indivisible" oil industry, an event which may compared to the dramatic fall of Humpty-Dumpty. However, while current geopolitics continue to tear it into sovereign pieces, economic processes are beginning to assemble the politically fragmented Humpty-Dumpty, who may eventually find himself glued together again by emerging market forces.

Table 7: Russian Oil Update and Outlook — 1991-93 (mmbd)

	1991[1]	1992[2]	1993[3]
Gross Oil Production	9.26	7.95	7.0-7.3
Crude Oil	9.03	7.70	6.8-7.1
Gas Condensate	0.23	0.26	0.2-0.3
Refinery Throughput	5.75	5.05	4.9-5.1
Refinery Production			
Furnace Fuel Oil	1.76	1.61	1.6
Diesel Fuel	1.46	1.31	1.3
Motor Gasoline	0.91	0.81	0.8
Jet Fuel	0.35	0.3	0.3
Other Crude Requirements[5]	0.25	0.34	0.3-0.4
Gross Products Consumption	4.73	4.22	3.8-4.1
Gross Oil Exports	4.76	3.76	3.0-3.4
Crude Oil	3.51	2.83	1.9-2.2
Oil Products	1.26	0.93	1.0-1.3
Gross Oil Imports	0.44	0.33	0.2-0.3
Crude Oil	0.24	0.27	0.2-0.3
Oil Products	0.20	0.05	0
Net Oil Exports (NOE)			
Crude Oil	3.26	2.56	1.6-2.0
Oil Products	1.06	0.88	1.0-1.3
Total	4.33	3.43	2.7-3.2
NOE inside FSU	2.51	1.58	1.2-1.5
Crude Oil	2.13	1.23	0.9-1.1
Oil Products	0.38	0.35	0.3-0.4
NOE outside FSU	1.81	1.85	1.5-1.7
Crude Oil	1.13	1.32	0.7-0.9
Oil Products	0.68	0.53	0.7-0.9

1/ Actual or partly estimated. 2/ Preliminary and estimated.
3/ Forecast. 4/ Including processing of crude and condensate at gas processing plants.
5/ Own and direct use, field and transportation losses, and stocks change.
6/ Including refinery fuel, processing gain, refinery and distribution losses, and stock change.
7/ Without account of re-exports and deliveries related to crude processing deals.
8/ Including withdrawals of Russian crude stockpiled in other FSU republics (about 60 kbd).
Note: Totals may not add due to independent rounding and different weight-to-volume coefficients.
Source: GAPMER, 1993.

This means that in the short term, the FSU oil industry will suffer from inevitable imbalances, which will manifest themselves in regional oil shortages and gluts spreading toward neighbouring international markets. In the medium term, however, smoother interaction of the independent national oil industries will become possible on the basis of civilized business and trade. Simultaneously and in the longer term, the cooperating parts of the former Soviet oil empire, and especially its frontier regions (including those of Russia itself, such as the Russian Far East) will become more self-reliant or infrastructurally independent and will speed up their natural growth and integration into the neighbouring petroleum markets of Europe, the Near and Middle East, Central Asia and the Far East.

This general conclusion may be regarded as an implicit answer to the question in the title of this paper ... which one can now see is not really a good question. Is it appropriate to ask whether the former Soviet Union or the newly-born Commonwealth of Independent States, which emerged on the ruins of the USSR a year ago, is an exporter or importer of oil? Nobody wonders whether, say, the British Commonwealth is a net exporter or importer of petroleum. The constituent parts of the old Soviet oil system will eventually develop international links in fairly predictable ways. The national economies in which they are embedded will find their distinctive places in the world economy just as the UK, Canada, Australia and India did after the dissolution of the British Empire.

References

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