

Igor Sechin, Chief Executive Officer, Rosneft

XXV St. Petersburg International Economic Forum



ROSNEFT

NEW GLOBAL ENERGY MARKET: CRUSADE AGAINST RUSSIAN OIL AND WHERE IS NOAH'S ARK?

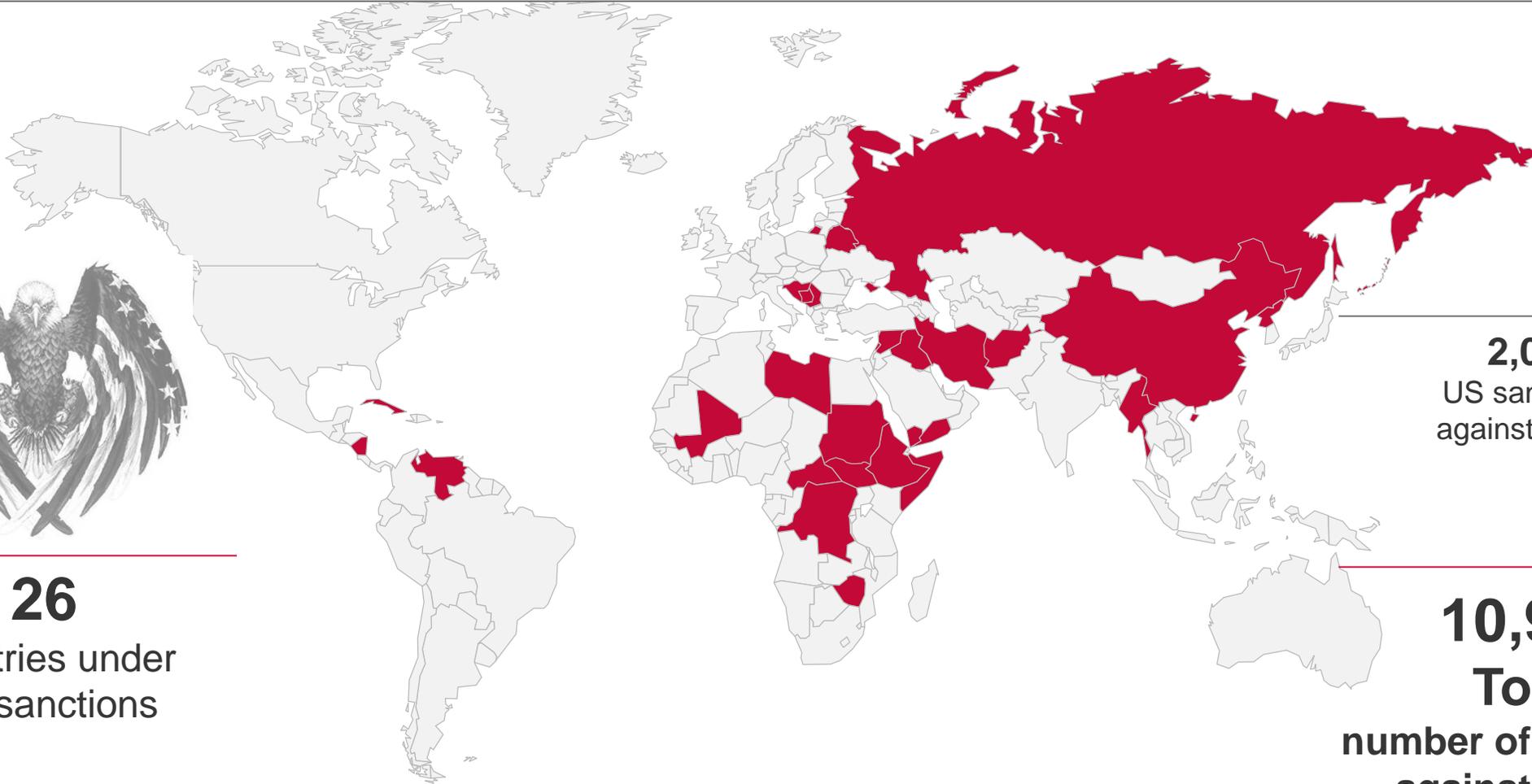
Erosion of International Law and Mutual Trust

US Sanctions



26

Countries under
US sanctions



2,026
US sanctions
against Russia

10,920
Total
number of sanctions
against Russia

Russian Ministry of Foreign Affairs Response to Another Lie by the US

No. 2816/dsa

The Ministry of Foreign Affairs of the Russian Federation expresses a resolute protest to the Embassy of the United States of America against statements made by the US Secretary of State Antony Blinken and the US Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian Nelson dated May 25, 2022 on the alleged support by Russian high-ranking government and intelligence officials as well as Rosneft Oil Company of an unspecified network involved in smuggling Iranian oil and money laundering for the benefit of the officials of The Islamic Revolutionary Guard Corps of the Islamic Republic of Iran.

There is no truth behind these unfounded and ungrounded accusations. Such irresponsible public statements made by the US

To the Embassy of the United States of America

Moscow

officials misinform the international community and market participants, and inflict intentional damage to the Russian companies.

We consider these actions of the US Administration as extremely unfriendly, destructive and potentially leading to further deterioration of bilateral relations which are already in the deepest crisis since the end of the Cold War. The American side is fully responsible for it.

We request that the American side present public apologies and make retractions.

Moscow,

May 27, 2022

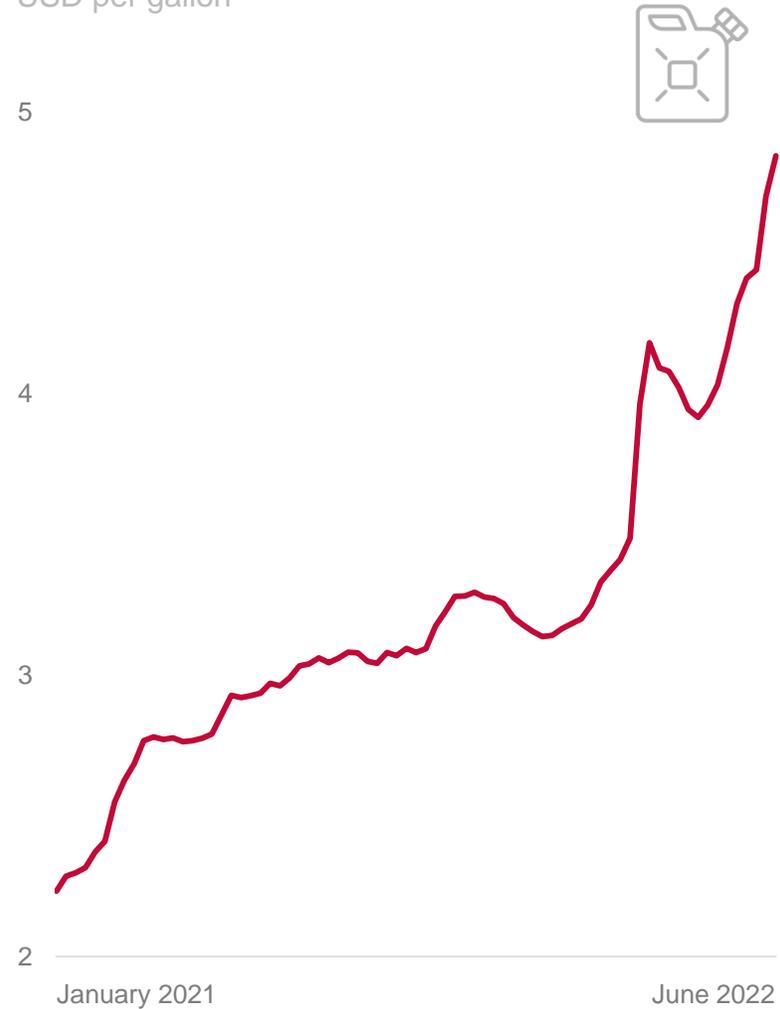


Москва, «27» мая 2022 года

Growing Pressure on the US Economy

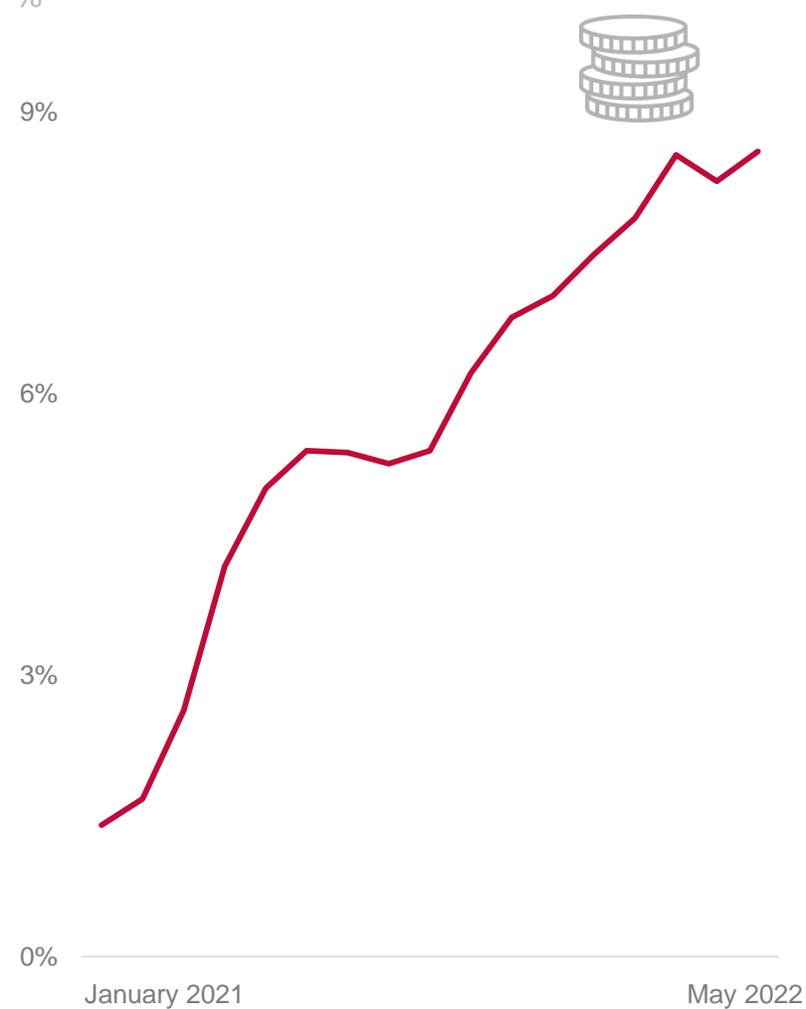
Retail Gasoline Prices

USD per gallon



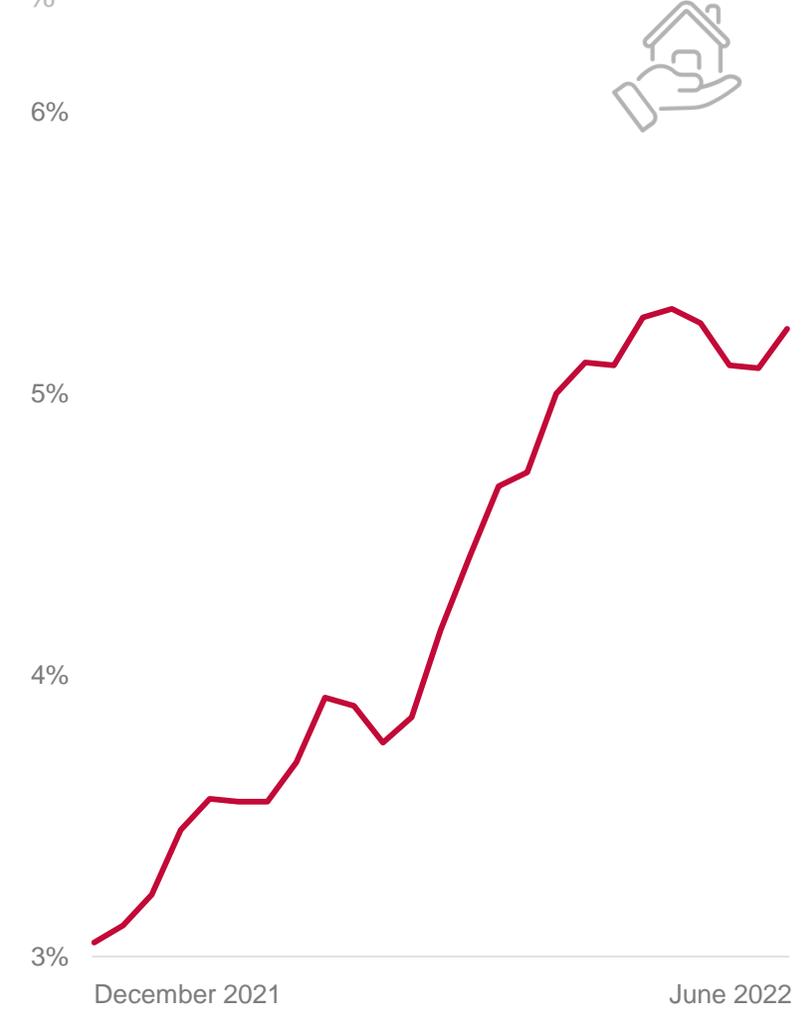
Inflation Rate

%



30-Year Mortgage Rate

%



Loss of the European Subjective Self-Identity



Stock Market Indices

Since 2022

-18%	CAC 40 (France)
-19%	DAX (Germany)
-22%	FTSE MIB (Italy)

Cumulative Investors' Loss:

 **~1.6** trn USD

Price Indices

Since 2022

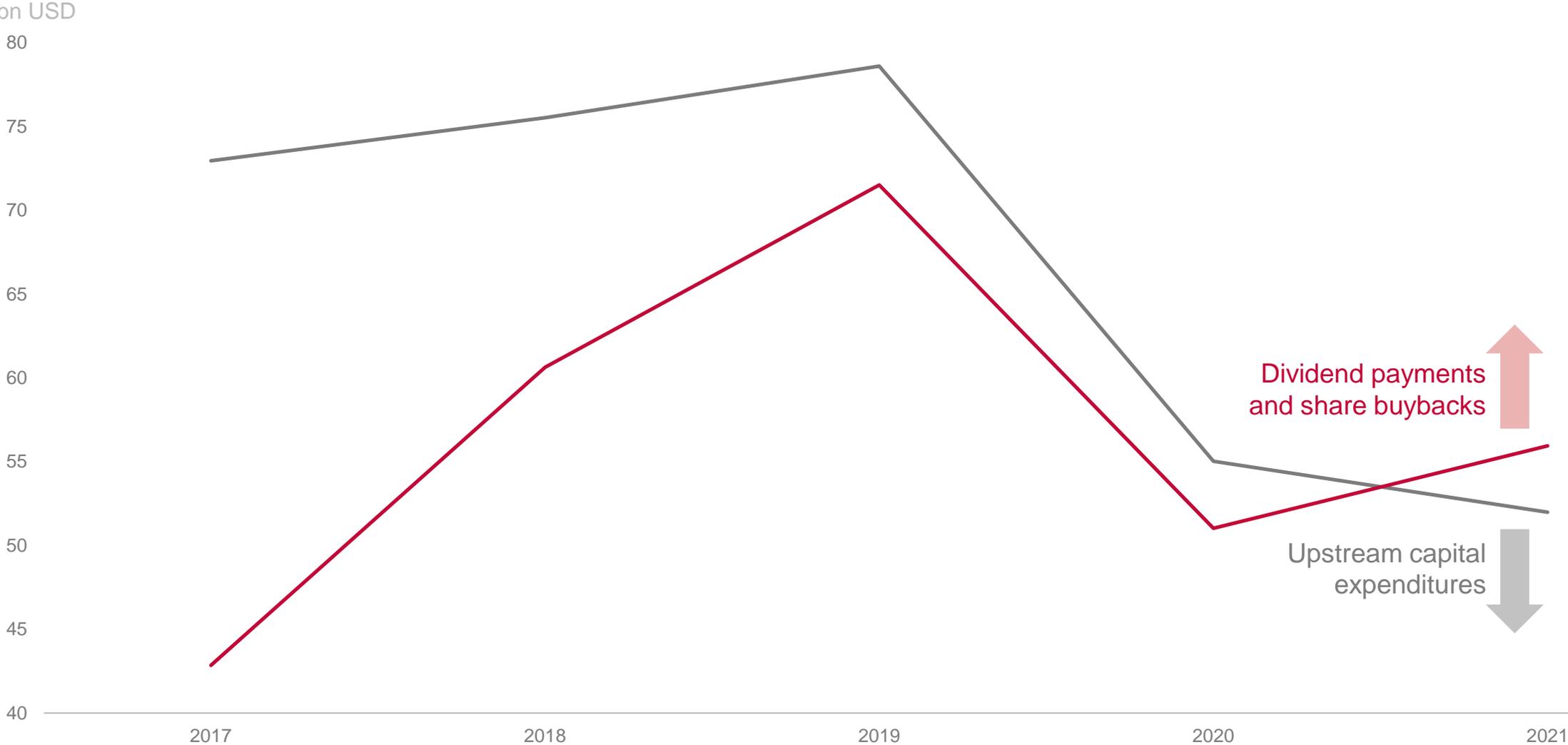
+37.2%	Producer Price Index
+7.4%	Consumer Price Index

Annual Price Increase

+40% Aluminum	+101% Nickel
+76% Grain	+182% Fertilizers

Constant Change of Priorities Leads to Lack of Long-term Investments by Majors

Majors' CAPEX and Shareholder's Payout



Note. Majors: ExxonMobil, Chevron, Shell, bp, TotalEnergies. Capex includes non-controlling interests. bp data does not include the stake in Rosneft
Source: company reports, Bloomberg

Biden's Letter



THE WHITE HOUSE
WASHINGTON

June 14, 2022

I am writing to you about the high prices our fellow Americans are paying at the pump, and how we can all play a part in addressing them. Since the beginning of this year, gasoline prices have increased by more than \$1.70 per gallon.

Vladimir Putin's war of aggression, and the bipartisan and global effort to counter it, has disrupted the global supply of oil and driven up the global price. But the sharp rise in gasoline prices is not driven only by rising oil prices, but by an unprecedented disconnect between the price of oil and the price of gas. The last time the price of crude oil was about \$120 per barrel, in March, the price of gas at the pump was \$4.25 per gallon. Today, gas prices are 75 cents higher, and diesel prices are 90 cents higher.

That difference -- of more than 15% at the pump -- is the result of the historically high profit margins for refining oil into gasoline, diesel and other refined products. Since the beginning of the year, refiners' margins for refining gasoline and diesel have tripled, and are currently at their highest levels ever recorded.

Wholesale diesel prices and refiner margins



To be sure, the shortage of refining capacity is a global challenge and a global concern. Around 3 million barrels a day of global refining capacity have gone offline since the onset of the pandemic, inhibiting our ability to ramp up supply of gasoline, diesel and jet fuel. I am working with allies and partners and countries around the world to encourage global refinery capacity to come back online. But, in the United States alone, oil refiners significantly reduced their capacity during the pandemic. In the year before I took office, refineries in the United States reduced their capacity by more than 800,000 barrels a day, leaving American refinery companies today at their lowest level of capacity in more than a half decade.

I understand that many factors contributed to the business decisions to reduce refinery capacity, which occurred before I took office. But at a time of war, refinery profit margins well above normal being passed directly onto American families are not acceptable.

There is no question that Vladimir Putin is principally responsible for the intense financial pain the American people and their families are bearing. But amid a war that has raised gasoline prices more than \$1.70 per gallon, historically high refinery profit margins are worsening that pain.

Your companies and others have an opportunity to take immediate actions to increase the supply of gasoline, diesel, and other refined product you are producing and supplying to the United States market. With prices for your product where they are today, you have ample market incentive to take these actions, and I recognize that some of you have already begun to do so. I also encourage you to continue maintaining and expanding fuel supply safely.

In addition, my Administration is prepared to use all reasonable and appropriate Federal Government tools and emergency authorities to increase refinery capacity and output in the near term, and to ensure that every region of this country is appropriately supplied. Already, I have invoked emergency powers to execute the largest Strategic Petroleum Reserve release in history, expand access to E15 (gasoline with 15% ethanol), and authorize the use of the Defense Production Act to provide reliable inputs into energy production. I am prepared to use all tools at my disposal, as appropriate, to address barriers to providing Americans affordable, secure energy supply.

The crunch that families are facing deserves immediate action. Your companies need to work with my Administration to bring forward concrete, near-term solutions that address the crisis and respect the critical equities of energy workers and fence-line communities. I have directed the Secretary of Energy to convene an emergency meeting on this topic and engage the National Petroleum Council in the coming days. In advance of that, I request that you provide the Secretary with an explanation of any reduction in your refining capacity since 2020 and any concrete ideas that would address the immediate inventory, price, and refining capacity issues in the coming months -- including transportation measures to get refined product to market.

The lack of refining capacity -- and resulting unprecedented refinery profit margins -- are blunting the impact of the historic actions my Administration has taken to address

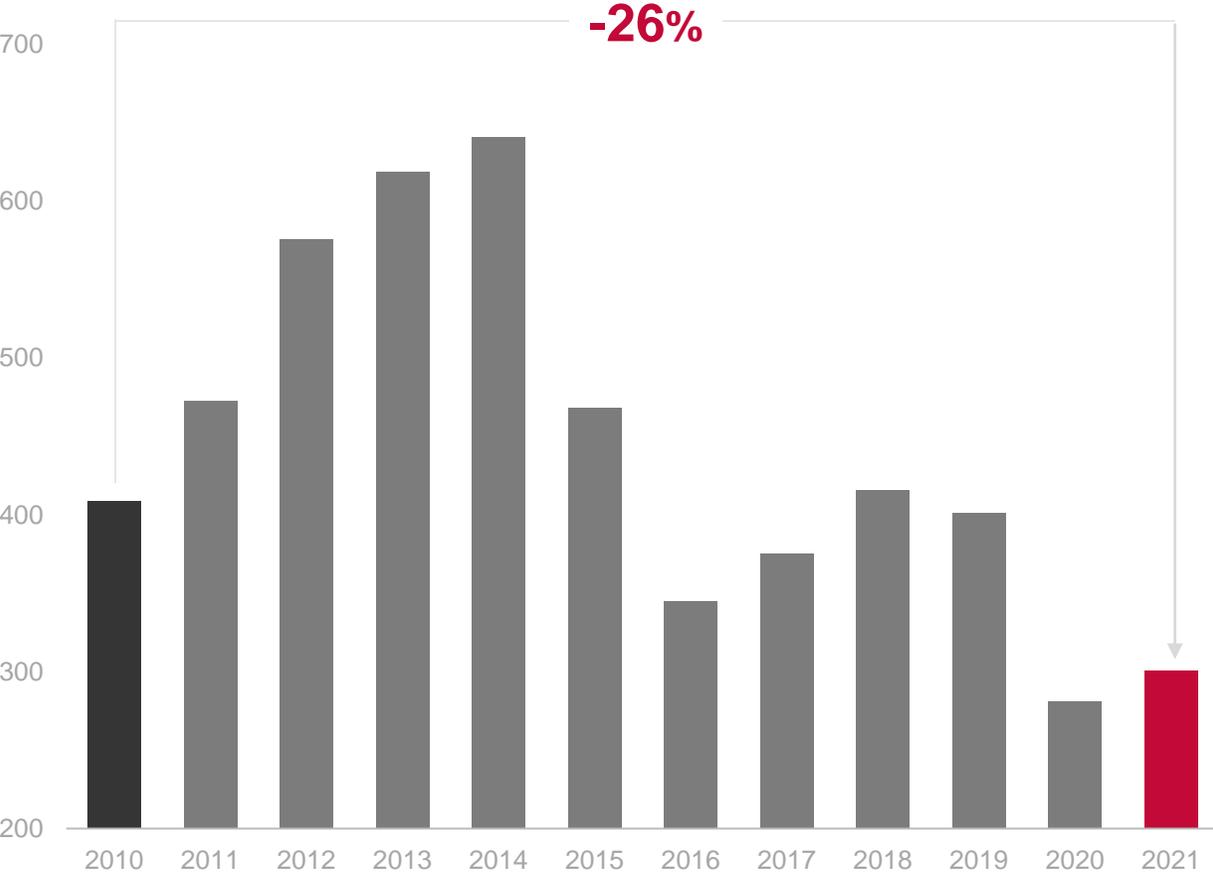
Vladimir Putin's Price Hike and are driving up costs for consumers. I appreciate your immediate attention to this issue and your efforts to mitigate the economic challenges that Vladimir Putin's actions have created for American families.

Sincerely,

Unprecedented Supply-Demand Gap

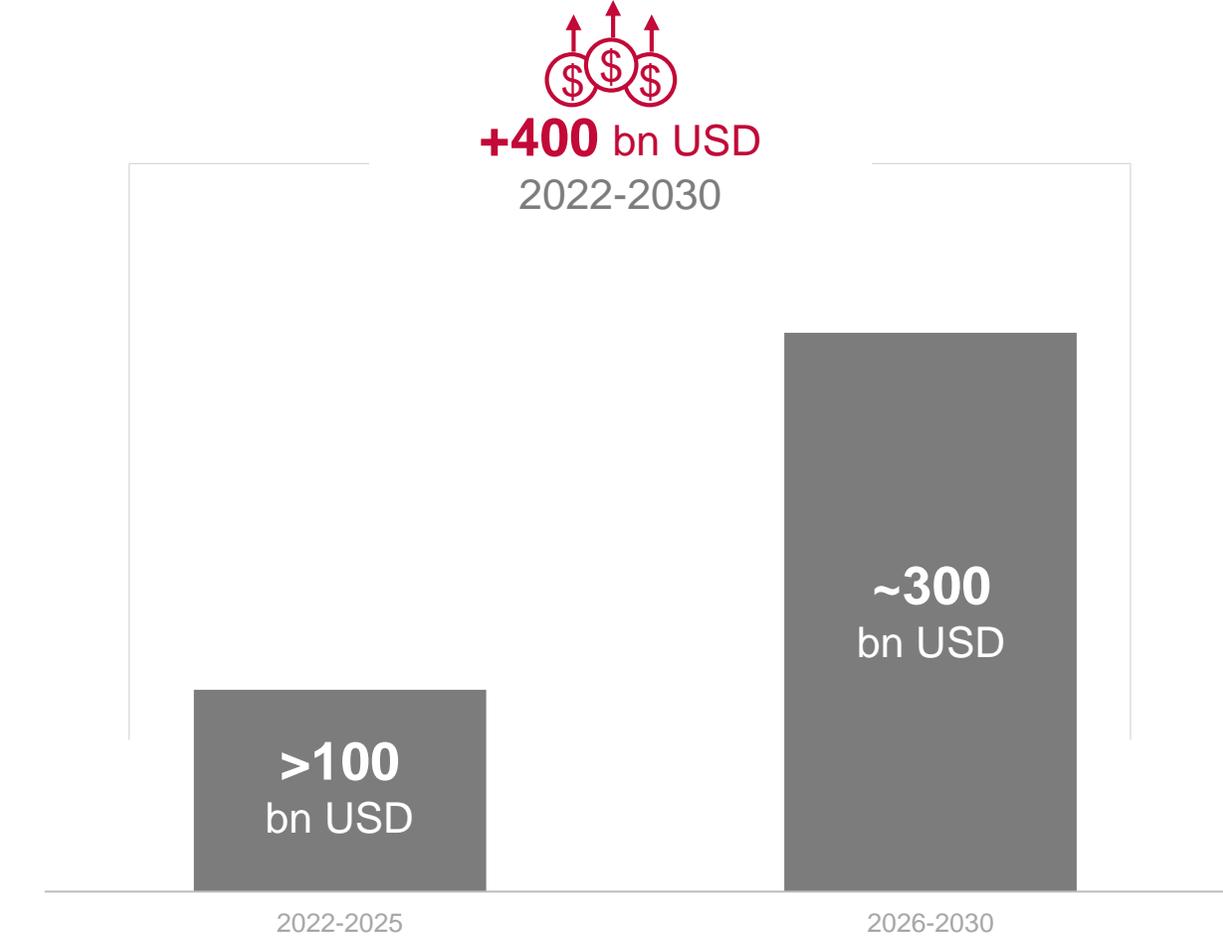
Global Oil Investments

bn USD



Incremental Oil Investments Required to Avoid Energy Deficit

bn USD



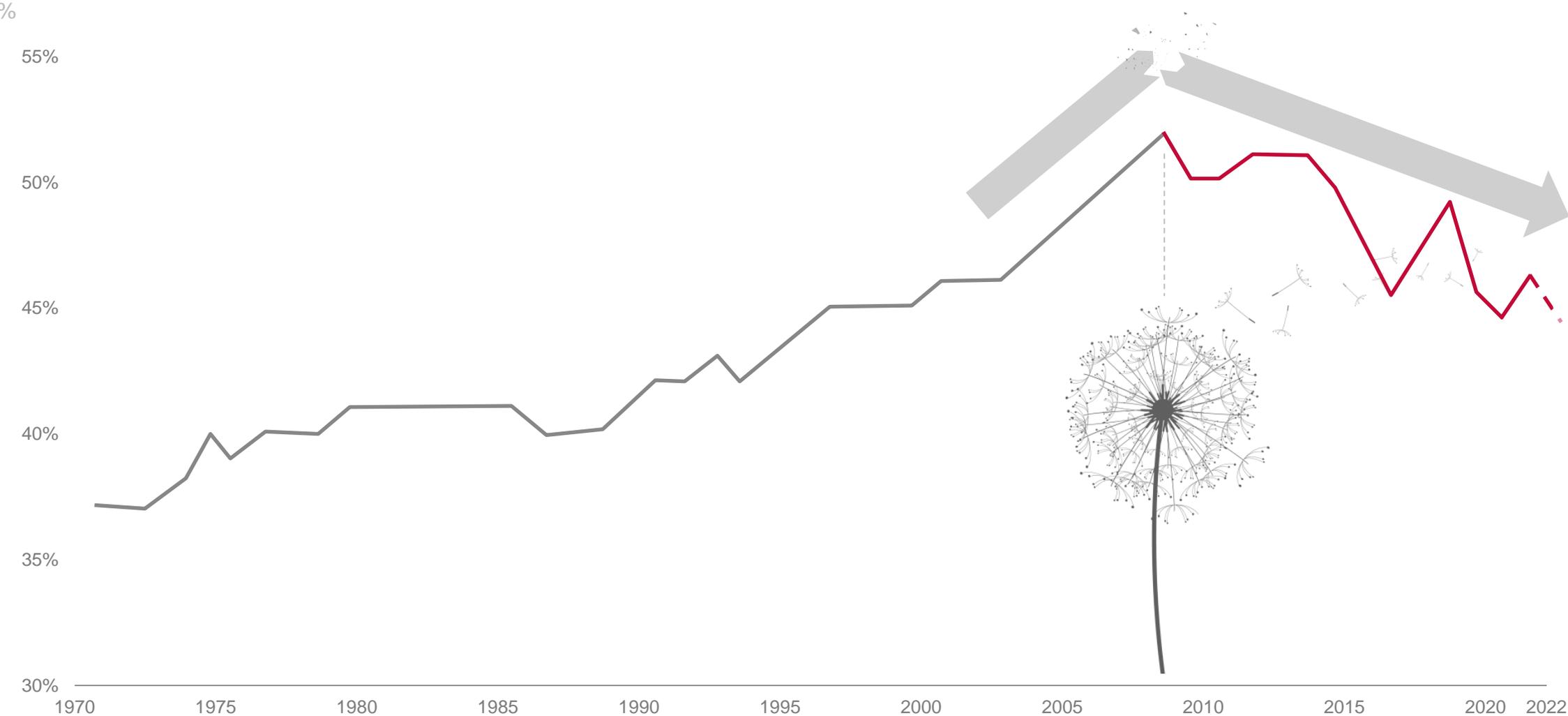
Source: Rystad Energy, JP Morgan, IEA

Rising Commodity Prices: a Domino Effect



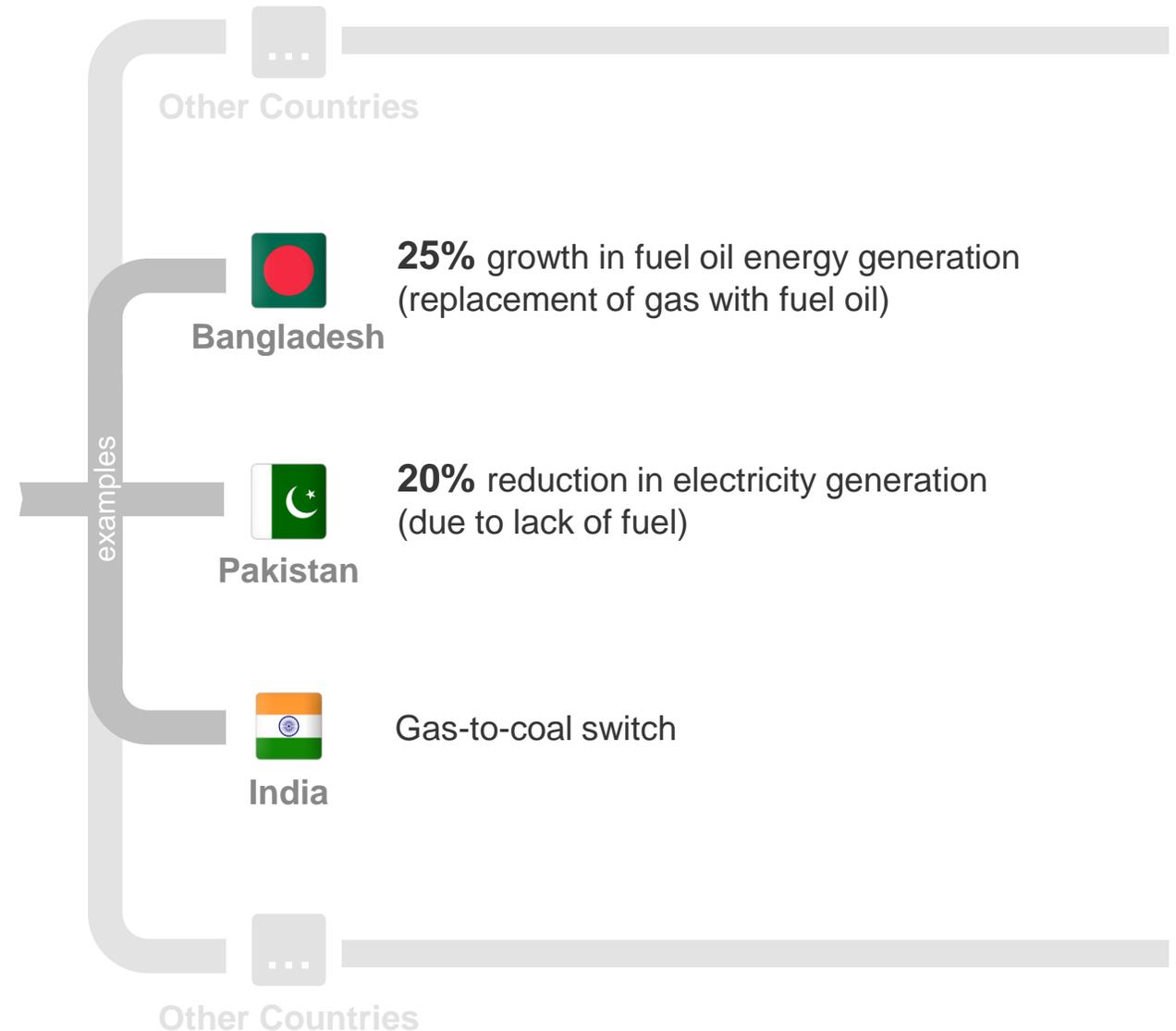
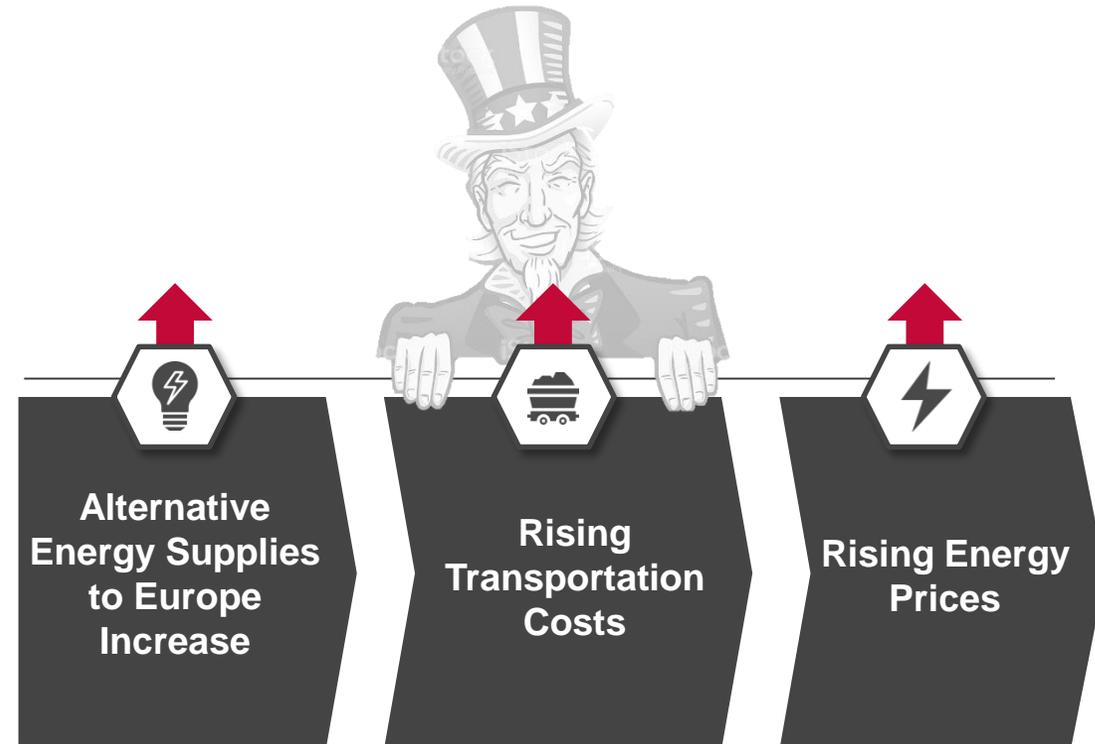
Egocentricity vs. Cooperation for Prosperity

Global Trade in Goods as a Share of GDP¹



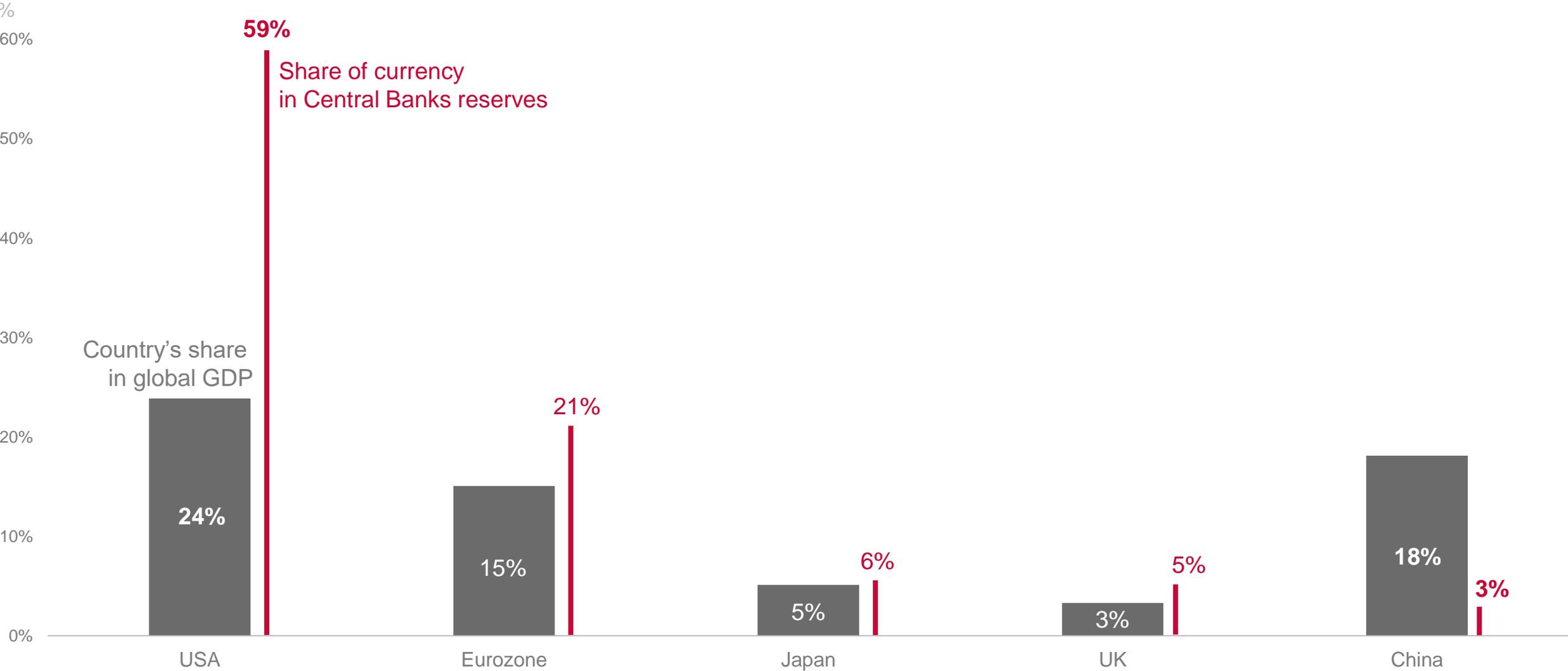
¹ World merchandise imports plus exports, % of GDP
Source: World Bank, IMF, Goldman Sachs

Implications for Developing Countries



Excessive Share of USD in Global Reserves

Countries' Contribution to Global Economy and Share of Major Currencies in Central Banks Reserves

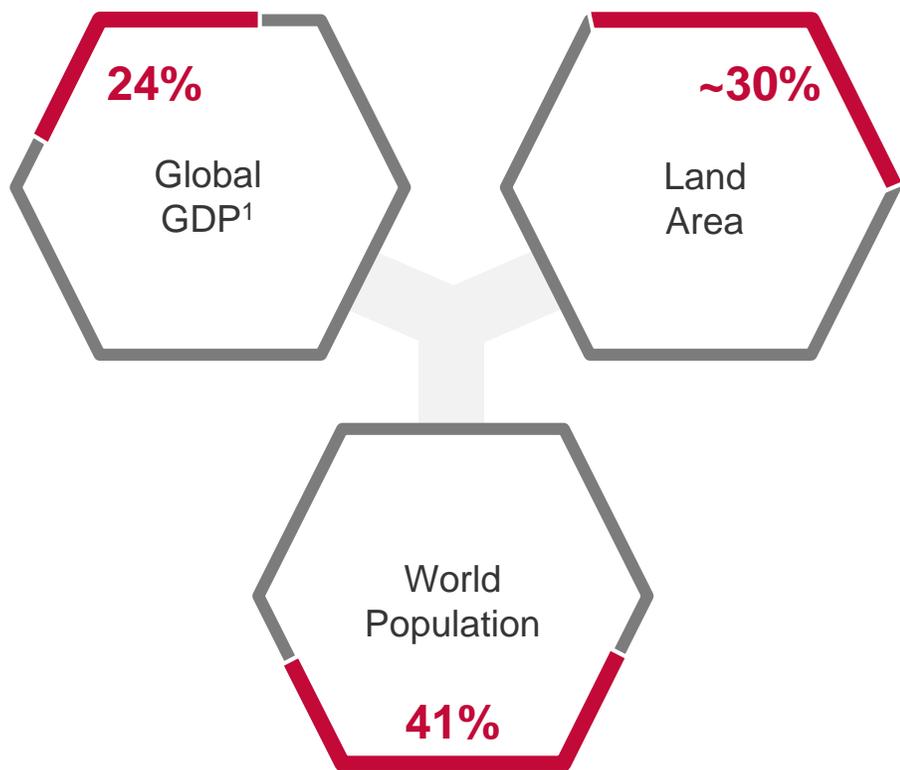


Note. The share of countries is shown at the market rate in current prices. Data for 2021.
Source : IMF

Prospects for Joint Growth

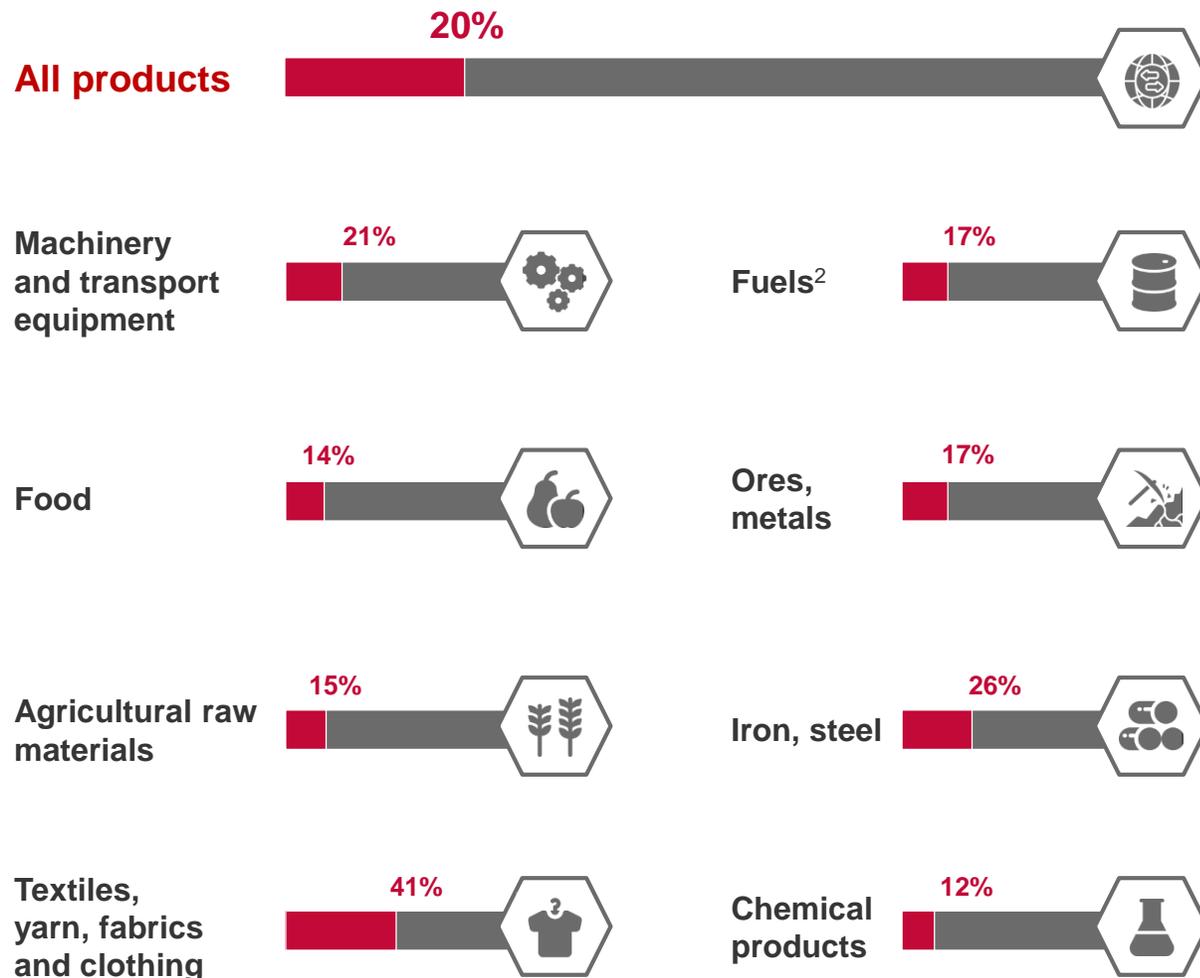
BRICS Impact Globally, 2020

%



BRICS Export Globally, 2020

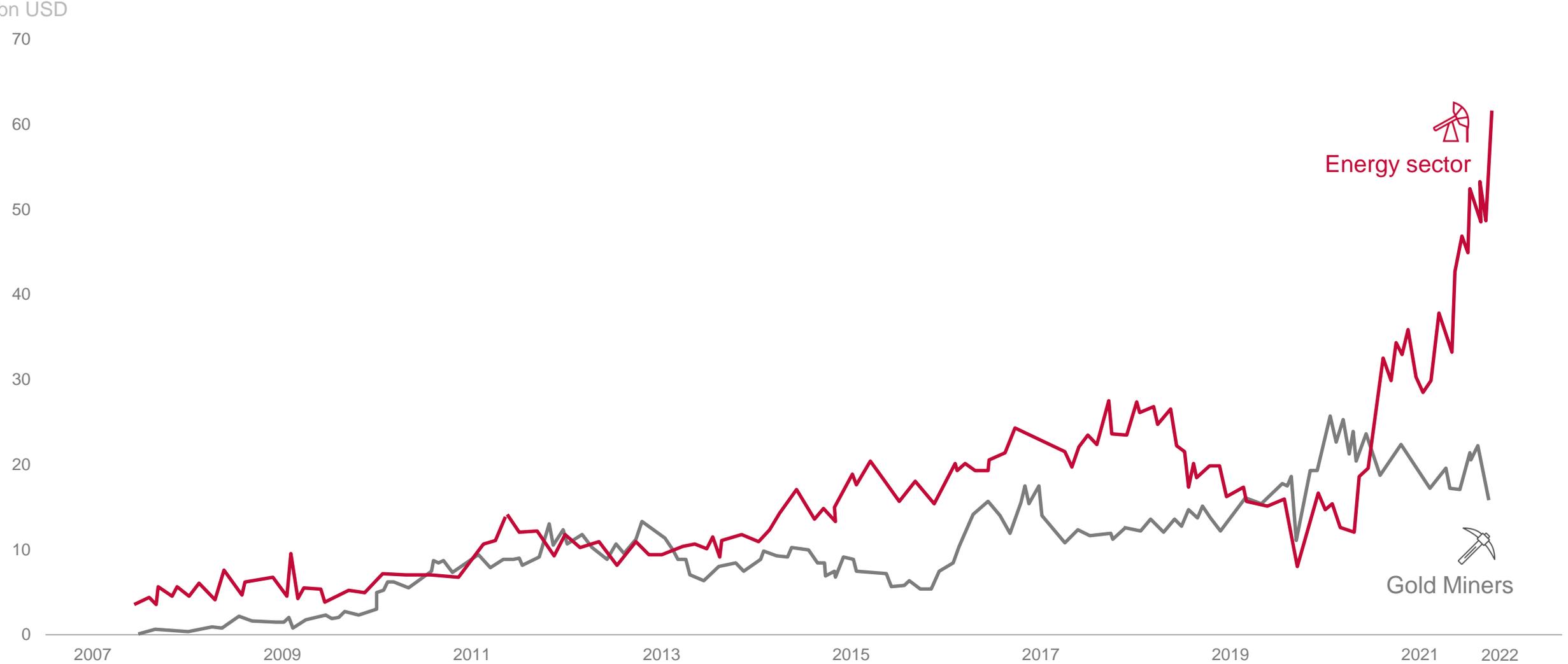
% of exports, USD



¹ Current US\$, ² Includes mineral fuels, lubricants and related materials
Source: World Bank, UNCTADstat

Growth of Speculative Energy ETFs

ETF Assets Under Management



Source: Bloomberg

S&P 500 Index

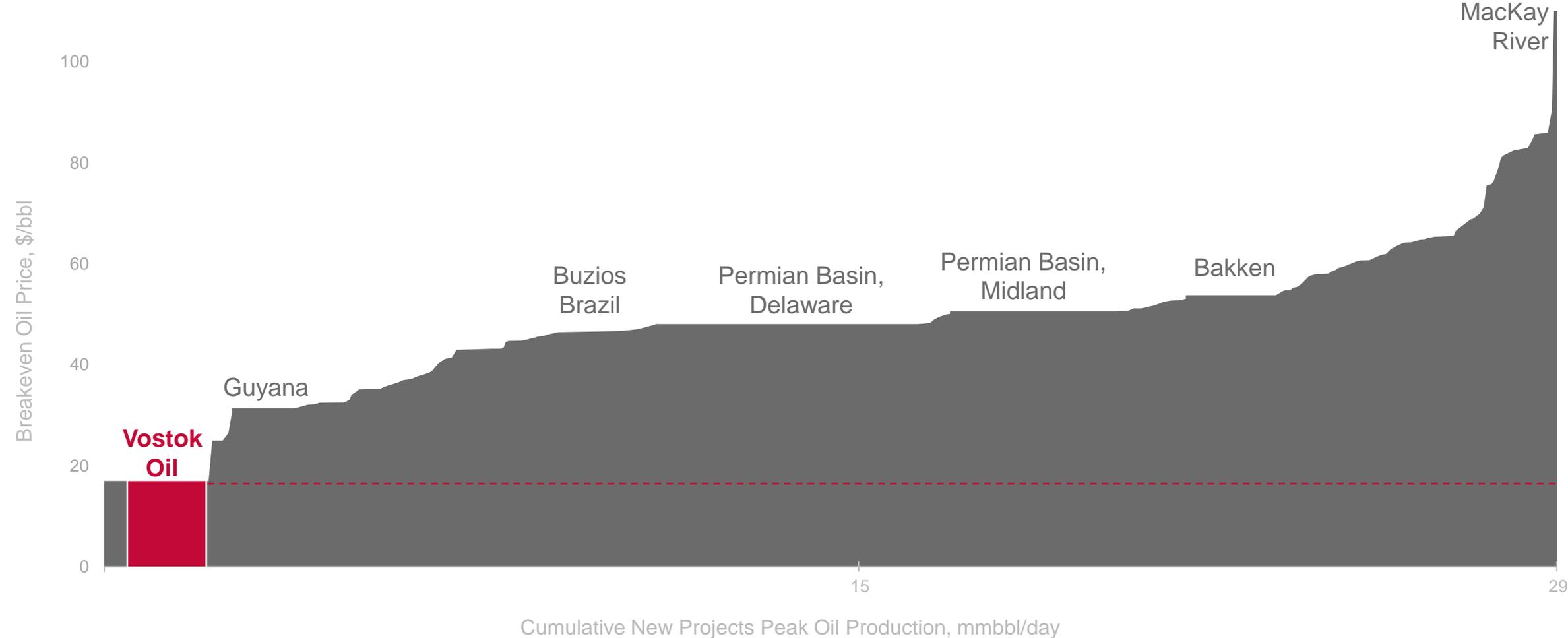
S&P 500 Index Dynamics in 2022



Source: S&P Global

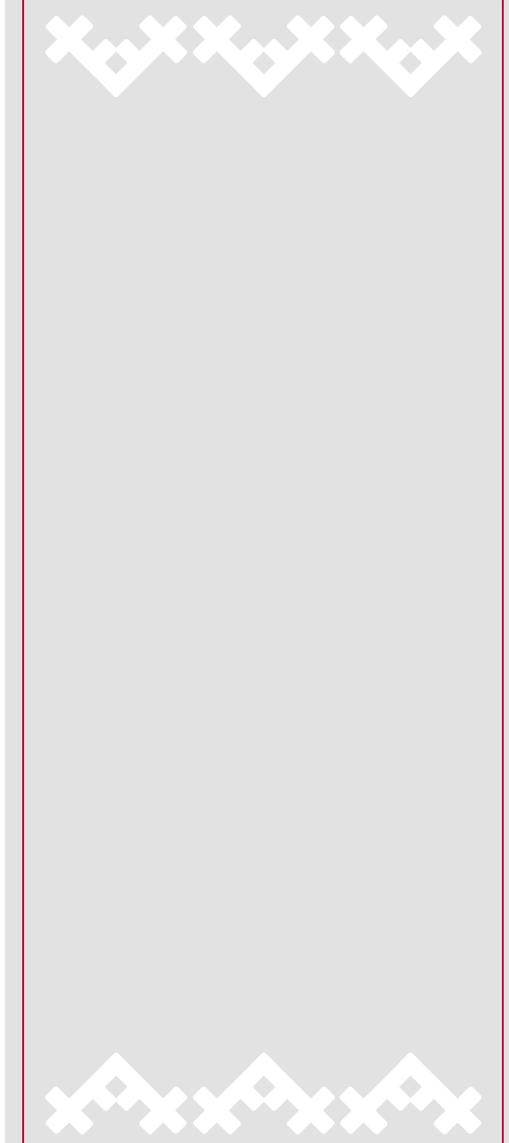
There are Few Projects in the World with Significant Production and Low Costs

New Oil Projects Cost Curve



Source: Goldman Sachs

Vostok Oil – Noah's Ark Drilling and Testing



Vostok Oil – Noah's Ark

Cargo Delivery: the Northern Sea Route



Vostok Oil – Noah's Ark

Cargo Delivery: River Freight and Winter Roads



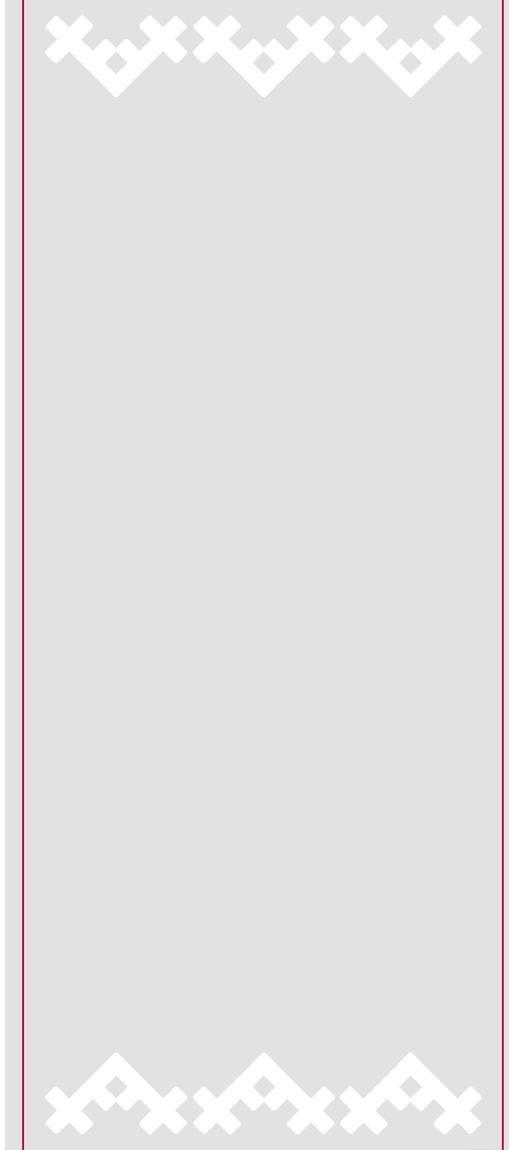
Vostok Oil – Noah's Ark

Logistics Facilities and Piers (Tochino, Karaul, Tanalau)



Vostok Oil – Noah's Ark

Vankor – Sever Bay Port with Oil Pipeline



Vostok Oil – Noah's Ark

Sever Bay Port, Oil Terminal



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