
EXCLUSIVE: RUSSIA SEES OIL PRICE OF \$45-\$50 PER BARREL 'ACCEPTABLE' AS IT PREPARES FOR FREEZE DEAL - SOURCES

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Russia believes an oil price at \$45-\$50 per barrel is acceptable to allow the global oil market to balance, as it prepares to meet leading oil producers in Doha later this month, sources familiar with Russian plans said on Wednesday.

Leading oil producers plan to meet in Doha on April 17 to cement a preliminary deal reached between Russia, Venezuela, Qatar and Saudi Arabia in February to freeze oil output at levels reached in January, to curb a surplus on the oil market.

"Now there is discussion of how long production will be frozen and ways to monitor the agreement," one of the sources said.

"The level of \$45-50 (per barrel) is acceptable from the point of view of market balance: if prices go higher shale oil production could start to recover."

A Russian Energy Ministry spokeswoman confirmed that the information provided by the sources was correct.

Oil producers such as Russia and Venezuela are highly dependent on energy revenues, with their state budgets at risk after global oil prices fell to under \$40 per barrel from over \$115 in June 2014.

The Doha meeting is expected to bring together major oil producers, including the ex-Soviet nations Kazakhstan and Azerbaijan, which along with Russia have seen their currencies falling sharply on weak oil.

The key question concerns Iran, which saw its oil output curtailed for years by sanctions that have been lifted this year, and wants to bring its output to pre-sanctions levels before sticking to any agreement. Tehran plans to attend the Doha meeting, Russian Energy Minister Alexander Novak said this week.

The sources who discussed Moscow's position said they believed Iran would struggle to quickly reach levels it has announced. They said Iranian growth is now coming mostly from selling oil from storage and putting easy-to-launch fields on stream.

"A freeze without Iran is being discussed. At the moment we don't see tough conditions (from others) for Iran to join," one of the sources said.

The sources added that 17 countries in total could take part in the Doha meeting. They said Russia was considering a number of options to deepen its cooperation with OPEC, but they don't include joining the organization.

PRODUCTION, NOT EXPORTS

The Russian sources said that the deal to freeze oil output is expected to speed up rebalancing of oil supply and demand by around half a year.

Russia was pumping at a 30-year high last month of 10.91 million barrels per day (bpd), even higher than its previous record in January. <O/RUS1> The sources said the agreement in Doha is set to cover production, not exports.

They said Russia would not put new projects on hold as part of the freeze deal, and may use other methods to regulate its production, including technical ones. They did not elaborate.

Last month, industry sources told Reuters that Rosneft (ROSN.MM), the world's top listed oil company by output, was floating the idea of a domestic production cut to balance the global market and as the firm faces a natural decline this year.

"A cut in production was not discussed as it is hard to implement and may lead to a sharp jump in prices, causing a new wave of output activation at more costly fields," one of the sources said.

U.S. WANTS TO SEE STRONG RUSSIA TO SHARE WORLD'S PROBLEMS WITH

RBTH, April 6, 2016

At the beginning of April, Moscow was visited by a U.S. Congress delegation led by Republican Dana Rohrabacher. The congressmen participated in a meeting of the Valdai Discussion Club – a forum focusing on political, economic and social dialogue between Russian and international elites – and spoke to the Russian media afterwards.

According to Rohrabacher, the conflict in Ukraine that began in 2014 could have been avoided if the revolutionaries on Maidan Square in Kiev had waited for the next election. Democrat David Cicilline and his fellow party member Brian Higgins did not agree with this assessment.

"The Ukrainians have the right to choose their own future, and Russia should not have interfered in the conflict," said Cicilline.

Is a Trump presidency in Russia's interests?

Views were divided on the operation in Syria as well. Cicilline insisted that "Moscow's goal was to keep [Syrian President] Bashar Assad in power."

"Most Americans are happy that Bashar Assad has not been replaced by a radical Islamic jihadist," Rohrabacher replied to him. "The opinion that he would have been replaced by the democratic forces is naive."

Consensus was reached only in answering the question on what the Americans would want Russia to be like in 10 or 15 years.

"Strong, democratic and prosperous, respectful of the rights and freedoms of its citizens," said Democratic Congressman Juan Vargas from California.

"We are very concerned about the gradual extinction of Russia, because countries that find themselves in a weak position can become easy prey to the radicals."

Investment in arms not economy is concern for neighbors

Vargas also said in an interview with the Izvestiya daily that Congress "has a suspicion" in relation to Russia.

"It appears that you have decided to invest in the armed forces, not the economy. This unnerves many in the world," said the politician.

"Your neighbors are very nervous, because they see what you are capable of. Each of them seems to be a little afraid that the Russians would move forward again."

At the same time, he added that there was a "fantastic cooperation in the space field" between the countries and he hoped that relations with Russia would improve with the arrival of a new U.S. president."

Russia has not yet found way to make its economic model sustainable

Democratic Congressman Brian Higgins from the State of New York told the Kommersant business daily about his vision of relations between the U.S. and Russia.

"Russia has a lot of achievements, but, unfortunately, they may find little application in their home country," he said when asked about Russia's main problem.

"You have not yet found a way to make your economic model sustainable, to ensure the growth, create jobs and attract your best people to work for the good of their country. And this does not make us happy at all; we would like to see a strong and prosperous Russia, with which to share the burden of the world's problems," said Higgins on the economic situation in Russia.

How will Russia respond to the deployment of U.S. weaponry on its borders?

The congressman said that the introduction of sanction against Russia "was inevitable, and it was caused by the Russian aggression in Ukraine."

Responding to a reporter's question on the review of the U.S. strategy in the Middle East, Higgins said that the U.S. "really left Iraq and Libya in a worse state than they were before us."

"In Iraq, things turned particularly ugly; we wanted to establish a real Jeffersonian-type of civic

democracy there, but got the Shiite government, which immediately fell into the orbit of Iran. We did not want it, but it happened," he said.

Kaynak/Source: