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Russian Federation

**«Energy Security and Export of
Russian Oil into APR»**

December 2, 2011

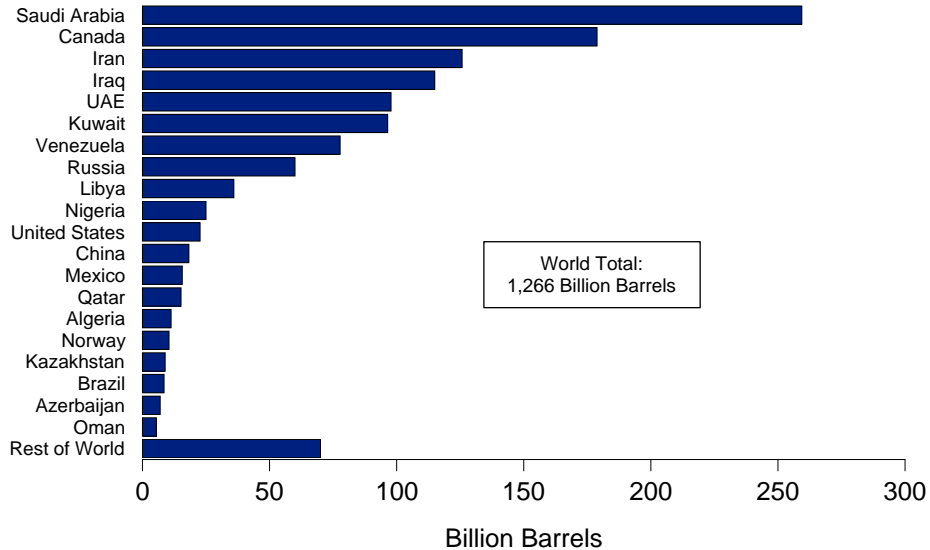


Deposits of practically all minerals known to mankind are discovered on the Russian territory

- *30 % of world natural gas reserves,*
- *50 % of diamonds,*
- *25 % of nickel reserves,*
- *17 % of tin, and*
- *nearly 10 % of crude oil reserves.*

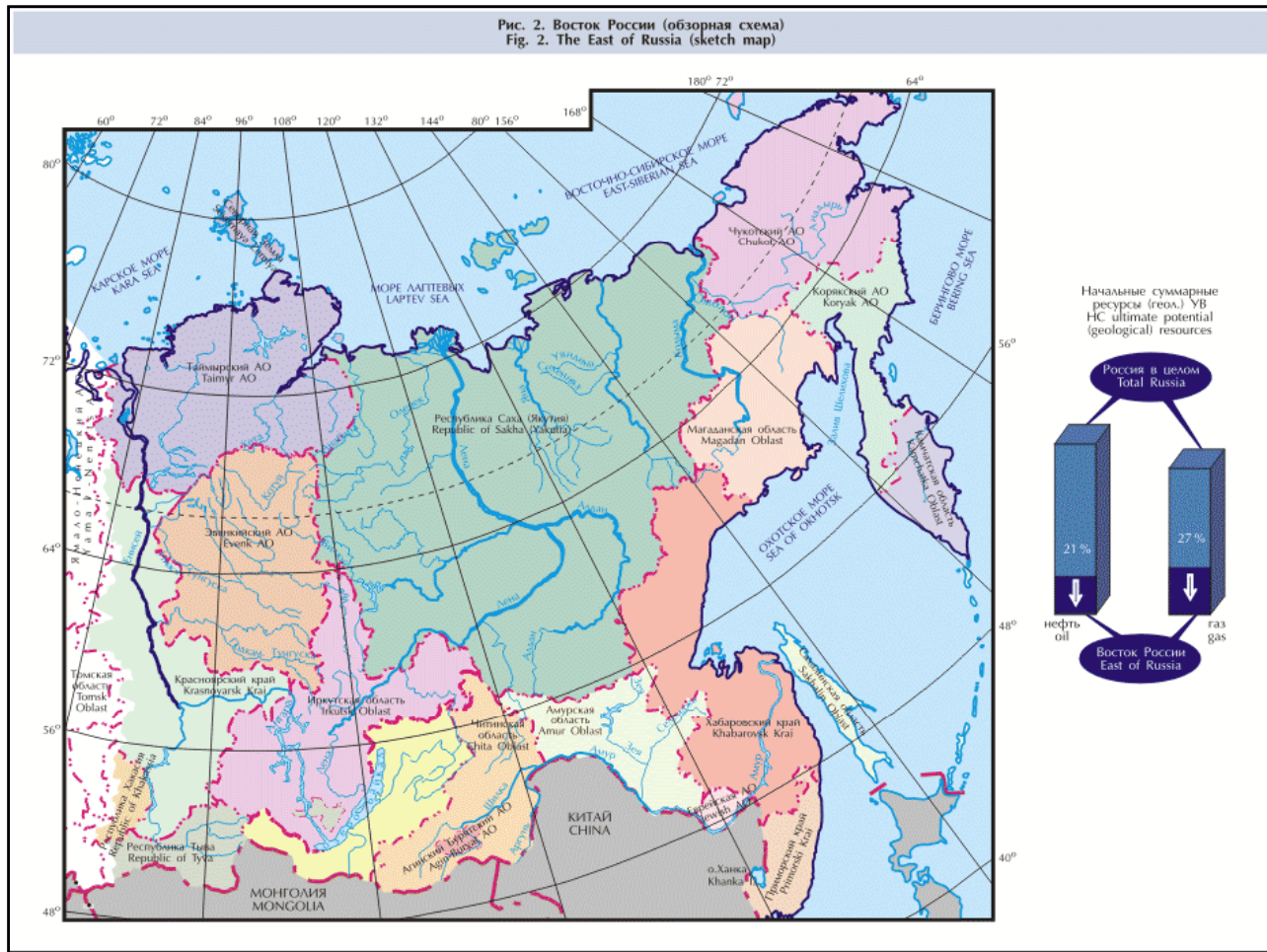
Russia occupies leading positions in mining of main types of minerals. Russia is largest producer and exporter of MRC production.

World Oil Reserves by Country

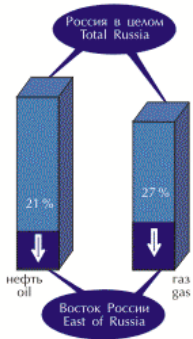


World Oil Reserves by Country

Рис. 2. Восток России (обзорная схема)
 Fig. 2. The East of Russia (sketch map)



Начальные суммарные ресурсы (геол.) УВ
 HC ultimate potential (geological) resources



Why to the Asia-Pacific Region?



Denial Yergin

Oil is blood of economics

Brad Glosserman

Research Director (Pacific Forum)

Energy is at the heart of NEA integration. There will be -- and already is -- economic integration, but energy supplies and distribution will be a large part of that package.



Why to the Asia-Pacific Region?

- **The Asia-Pacific region is the most rapidly developing region in the world.**
- **It consumes about 30 % of world energy resources.**
- **The crude oil and natural gas market is very dynamic.**



Since 1965, crude oil consumption increased by a factor of six in the Asia-Pacific region and less than twofold in the world. During the last 12 years, production of crude oil rose by 17 % and demand by 50 %.

Presently, major oil producers in APR are China, Indonesia, and Malaysia only.



Presently, major gas producers in APR are Indonesia, Malaysia, and Thailand.

Total gas production is about 300 billion cu m a year, 30 billion cu m are imported.

A natural gas resources in the HC structure of Asia-Pacific countries is small (4%) as compared with that of the world (24%).



As Russian president Vladimir Putin remarked at the 2003 APEC business summit:

“Russia is prepared to make its contribution to creating a new energy configuration in the APR”.

Conclusions of the Russians specialists:
Russia has hydrocarbon resources for the effective export to North East Asian Regions



Why Asia-Pacific Region need Oil and Gas resources?

- **Grows of population in APR- countries and grows of demand oil and gas inside of countries for needs of the population**
- **Development of the economics and grows of GDP**
- **Development and using of new technologies. For new energy- technologies need oil and gas**
- **Development of the military sector**
- **Protection of Environmental**



One of the main problems

**of the oil transportation is the problem
of communication.**

**For transportation of oil two fundamental
moments must be taken into account:**

- 1- the loss of the realization of the project
and**
- 2- the guarantee of security.**



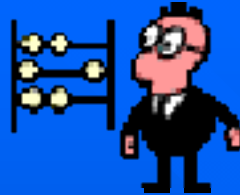
The main characteristics of routes are:

- **the foremost, the security of the transportation**
 - **capacity**
- **cost of building and modernizing of the pipelines**

What are the routes of transportation for Russian oil?

"Eastern Siberia – Pacific coast"





Main part of the research is International expert polling (2005-2011) about economic and security situation in Far East and Asian Pacific Region, risks, threats and energy potential of the APR, possibility war conflicts in APR, optimal routes for export of the Russian hydrocarbons etc.

In these interviews participated high qualities specialists and VIP-persons from 15-ths countries of the Asian-Pacific region: Brunei-Darussalam, China, Japan, India, Indonesia, Malaysia, Mongolia, Nepal, Philippines, Republic Korea, Russia, Singapore, Thailand, USA, and Vietnam.

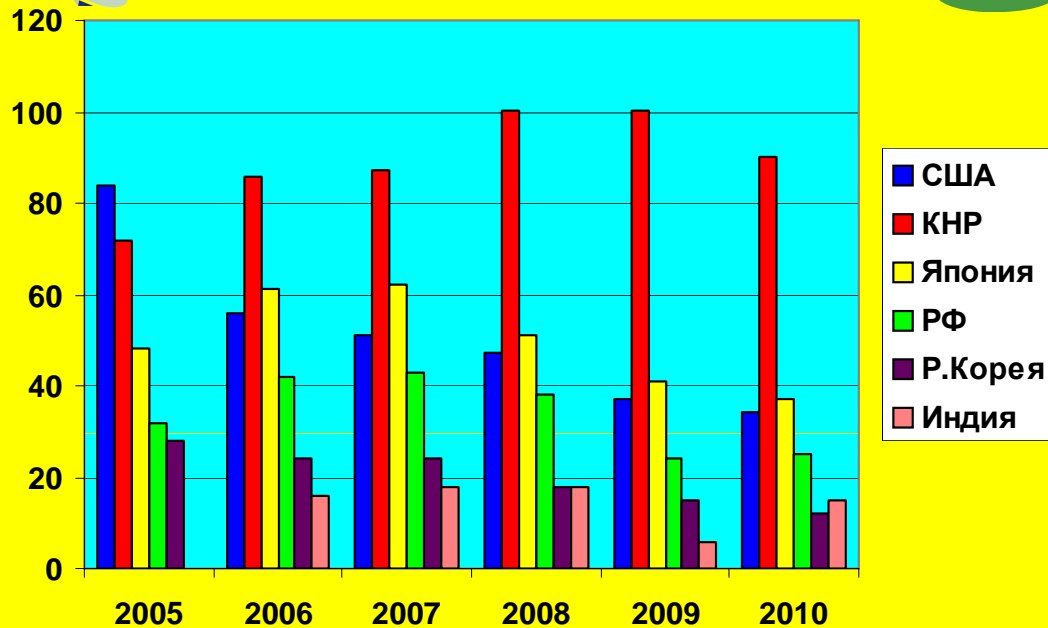


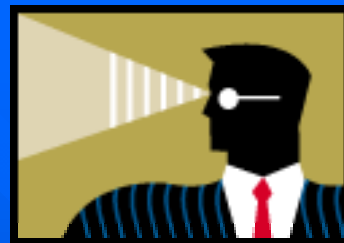
The results of the international expert interviews (expert's polling) in 2005 - 2010

<i>Leaders (Important players) in APR (in %)</i>	2005 in NEA	2006 in NEA	2007 in NEA	2008 in NEA	2008 in SEA	2009 in NEA	2009 in SEA	2010 in NEA
- USA	1)- 84	3)-56	3)- 51	3) 47	2) 49	3) 46	3) 29	3)34
- China	2)- 72	1)-86	1)- 87	1) 100	1) 78	1)100	1)100	1)90
- Japan	3)- 48	2)-61	2)- 62	2) 51	3) 31	2)48	2) 33	2)37
- Russia	4)- 32	4)-42	4)- 43	4) 38	5) 7	4) 25	5) 3	4)25
- South Korea	5)- 28	5)-24	5)- 24	5-6)18	6) 2	5) 20		6)12
- India		6)- 16	6)-18	5-6)18	4) 24	6) 4	4) 19	7)15
- Taiwan – in economic		7)-3	7)- 3	7)- 3		7) 3		



Important players in APR





Experts characterized geostrategic, military and economical situation in APR as stable - 65% (2009) and 72% (2010):

as full stable – 36% в 2009 г. и 54% в 2010,

as no full stable, very developing – 29% (2009) and 18% (2010).

Experts told about possibility local conflicts.



10% experts in 2009 and 2010 characterized situation as not stable (big differentials of the economical and political development of the APR-countries, nationals and religions, discussion questions and discussion territories),

from big competition in South Asian region for sea territories with HC in South-Chinese, Yellow and Andaman Seas and nuclear weapon North Korea.



What are risks and threats in APR?



What are risks and threats in APR?	2005	2006	2007	2008	2009	2010
1. Nuclear Weapons of NK	54	64	73	31	37	33
2. China-Taiwan	30	40	54	18	17	10
3. Competition for energy resources	13	40	51	62	29	33
4. Degradation of the Russian Far East	8	24	38	22	17	3
5. Illegal migration of the population	26	28	36	22	16	12
6. Militarization of China	13	36	30	9	8	10
7. Pollution of the environment	13	13	15	20	4	6
8. International crime (narcotraffic, piracy)	22	8	12	12	6	6
9. Militarization of Japan	13	12	9	9	6	3
10. Infections, pandemics	9	4	9	4	5	3
11. Curyles problem	4	18	18	7	4	3

**Is it possible war conflict in APR
or not now?**



The results of the expert interview



Question was about Security situation in APR:

“Is it possible today a military conflict in the region or the situation is relatively stable? “

Answers : 1 group – No, military conflict is not possible now – 42% (2005) and 68% (2010).

2 group – Yes, military conflict is possible now– 54% (2005) and 3% (2010).

3 group – middle opinion: Military conflict is not possible in APR now, but situation can change - 21% (2010).



Is it possible a military conflict in the region or the situation is relatively stable now?	2005	2006	2007	2008	2009	2010
1 group: No, military conflict is not possible in APR now. The situation is relatively stable	42	40	39	58	67	68
2 group: Yes, military conflict is possible in APR now	54	52	51	22	12	3
3. Middle opinion: Military conflict is not possible in APR now, but situation can change	4	8	10	17	16	20



What are optimal routes for export of the Russian hydrocarbons? (in %)	2005	2006	2007	2008	2009	2010
1) To Pacific ocean (it is better for Russia – more profit)	54	43	44	30	42	31
2) To Daqing	17	8	8	13	15	12
3) To Pacific ocean with branch to Daqing	9	30	30	19	36	32
4) We must conserve oil and gas resources from ES and FE for future				5	7	7
5) This decision must be politic, not economic only (with profit for partners to)	4	6	6	15	9	3
6) All routes are profitable for Russia	4	4	3	7	3	3
7) Through Mongolia	4	3	3	4	3	2
8) No answers	4	6	6	2		



Рис. 7. Вероятные направления восточного экспорта УВ из России
Fig. 7. Feasible eastern lines of HC export from Russia





**Main problems are resources and
energy security in APR**

Experts opinions:

**cooperation in energy sphere is base for
integration, prosperity and stability in region**



**ПЕРСПЕКТИВЫ ЭНЕРГЕТИЧЕСКОГО
СОТРУДНИЧЕСТВА РОССИИ – КИТА
[В ЭКСПЕРТНЫХ ОЦЕНКАХ]**

**PERSPECTIVES OF THE RUSSIA –
CHINA COOPERATION
[IN EXPERT'S OPINIONS]**



**РОССИЯ
200**

**РОССИЯ
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Thank you !

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