

Russia says may step up oil output to tackle deficit



MOSCOW (Reuters) – Russia and other leading oil producers may boost oil output further if supply shortages hit the global oil market, Russian Energy Minister Alexander Novak said on Friday.

The expected drop in Iranian crude exports this year due to renewed U.S. sanctions, coupled with a decline in Venezuela's production and outages in Libya, Canada and the North Sea have driven oil prices to their highest since 2014 in recent weeks.

OPEC and other key producers including Russia responded to the tightness by easing a supply-cut agreement in June.

The deal effectively increases combined oil output by 1 million barrels per day (bpd), of which Russia's share stands at 200,000 bpd.

“If we need more than 1 million bpd, I don’t rule out that we can quickly discuss it and make a quick decision,” Novak told reporters, adding that the leading oil producers can get together and discuss the market situation at a teleconference.

He also said Russia may surpass the 200,000 level of increases if there is a need for it.

The International Energy Agency said on Thursday that there were already “very welcome” signs that output from leading producers had been boosted and may reach a record.

The global energy watchdog however said the disruptions underscored the pressure on global supplies as the world’s spare production capacity cushion “might be stretched to the limit”.

Novak said higher crude prices this year would add 2.5 trillion rubles (\$40.14 billion) to state coffers this year.

The minister also said that the war of tariffs between the United States and China have a negative impact on the global economy and boosted oil price volatility.