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Introduction

Due to the abundance of natural resources, Gulf Cooperation Council (GCC) countries along with Russia are significant gas and oil exporters globally. The economy of these regions is primarily based on the energy sector as they are world leaders in the export of oil and gas. While Russia mainly trades oil, natural gas, coal, and minerals, GCC countries are known mostly for exporting oil and gas.

As of 2018, the Middle East countries accounted for 48.3% of [global oil reserves](#), with 30.6 % of them for the GCC member states. In terms of natural gas, 38.4% of all its known reserves came from the Middle East, while 19.8% of them accounted for GCC. In 2018, Russia held a 6.1% share of global oil reserves and 19.8% of proved reserves of natural gas.

In 2020, both Russia and the Gulf countries globally imported 372.7 billion cubic meters (cbm) of [natural gas](#) (pipeline and liquefied natural gas (LNG)), which accounted for around 30 % of the total trade of gas. While Russia delivered 100 billion cbm of gas to Europe, Qatar exported 60 billion cbm to Asia. Back then, Russia was the main

gas supplier for Europe accounting for 37% of all its gas imports, while Europe was Russia's main market accounting for 85% of its sales.

In 2021, the [Gulf countries](#) (Kingdom of Saudi Arabia, the UAE, and Kuwait) exported around 560 million metric tons (mt) of oil globally, 490 million of which were directed to Asia and 20 million to Europe. Meanwhile, Russia exported approximately 270 million mt of oil globally, with 100 million of which ended in Asia and 120 million in Europe.

Regarding natural gas (pipeline and LNG) exports in 2021, [Russia](#) significantly overtook the Gulf countries (Qatar, the UAE, and Oman), exporting to Europe 180 billion cbm. As well, Russia directed around 30 billion cbm to Asia. Meanwhile, nearly 100 billion of gas exports were sent to Asia by the Gulf countries and only 20 billion to Europe.

As of 2021, UAE directed 98.2% of all its oil exports for Asia, having less than 1% of exports to Europe. While 15 % of all Europe's liquefied natural [gas imports](#) were directed from Qatar, while its Asian share accounted for 80%. 77.1% of Saudi Arabia's oil exports were sent for the Asian countries, while

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exports for Europe accounted for only 8.3 %. As of 2021, Russia exported 52.6% of all its oil export to Europe, while Asia received 37.3% of Russia's total oil exports.

Changes in Russia's oil and gas exports after the full-scale invasion of Ukraine

Russia's perspective:

Due to imposed sanctions on Russia after its invasion of Ukraine in February 2022, the G7 nations and Australia set \$60 per barrel as the price cap of the Russian oil in December 2022, resulting in smaller profits for Russia to reduce its ability to finance the war in Ukraine. Moreover, in February, the Coalition imposed a \$100 per barrel on Russian diesel, and \$45 per barrel price limit on fuel oils, where all the above-mentioned price caps are still presently imposed.

According to International Energy Agency (IEA), Russia's revenue from the export of oil in June 2023 [decreased](#) by 1.5 billion dollars compared to May 2023, in which revenue accounted for 13.3 billion dollars. This index is considered to be the lowest one after Russia's invasion of Ukraine in February 2022. To compare, Russia's income in June 2022 reached 20.4 billion dollars, while it accounted for 11.8 billion in June 2023. The data of IEA demonstrates that Russia's revenue in 2023 was reducing gradually comparing to 2022, when the income of oil export fell considerably in

some months. While Russia's total revenue from oil from January to June in 2022 accounted for 120.4 billion dollars, it reached 77.4 billion dollars in the same period of time in 2023.

Russia was and still is a leading exporter of oil and gas to Asia. Therefore, as a response to the sanctions imposed by the Western countries, Russia had to re-orient its trade to Asia, delivering oil and gas to so-called "friendly countries for Russia", the majority of which are Asian. China and India are leading importers of Russia's oil, besides Turkey and other countries.

The trade relationships between Russia and India have considerably improved since the full-scale invasion of Ukraine. India's imports of fuel from Russia rocketed to 1 million bpd in 2022, comparing to 36,000 bpd in 2022. In its turn, Russia accounted for around one-fifth of India's crude imports in 2022.

Moreover, the invasion of Ukraine has affected the relationship between Russia and Japan since Russia supplied almost 9% of Japan's gas needs and was its fourth largest supplier before 2022. Japanese companies have invested 22.5% of [Sakhalin-2](#) project, which is Russia's first LNG plant that delivers 60% of its gas to Japan. Since Japan is one of the G7 member that participated in imposing sanction on Russia, Japan has begun importing gas from other countries more to decrease the portion of Russian gas in its market.

To emphasize on Russia's pivot to Asia, Deputy Prime Minister Alexander Novak said at the Russian forum that Russia reoriented the export of oil and petroleum products to new markets, delivering 86% of oil exports in 2023 to friendly countries, which is 46 % higher than in 2021. The majority of ["friendly" countries](#) for Russia are Asian.

GCC's perspective:

Among the Western countries, the European Union was one of the most dependent importers on Russia natural resources such as coal, oil and gas, in spite of implementing renewable energy in the region. [EU's heavy reliance](#) on energy imports from Russia looks as follows: 40% - natural gas, 46% - coal, 27% - oil.

Supporting Ukraine, EU faced a cut in natural gas supplies by Moscow that led to an [energy crisis](#) with inflation and pressure on companies since prices rose in 2022. According to Al Jazeera and Reuters news agencies, in August 2022 British office of Gas and Electricity Markets (OFGEM) announced an increase in gas prices, with an average family annual bill rise of around 80 %. (Al Jazeera, 2022). Therefore; trying to find alternative ways of gas supply since the full-scale war started in Ukraine, EU considered the Gulf Countries as potential suppliers of natural gas and oil.

The energy war caused by the Russia's invasion of Ukraine is also

facilitating a broadening of the [Gulf's client base](#), including more European customers beyond the United Kingdom, Italy, and Spain. LNG exporters from the Gulf, such as Oman and the UAE, earlier exported primarily to Asia due to Russia's consistent pipeline gas exports to Europe and the higher premiums commanded by LNG in northeast Asia.

Considering [Europe's needs](#) for oil products from countries other than Russia, products from Kuwait's expanded and upgraded Al-Zour Refinery, and from Abu Dhabi's Ruwais Refinery, which is expected to functionate in 2025, might be sold in this region.

In November 2022, [CoconoPhillip and QatarEnergy](#) signed the agreement that Qatar would provide Germany with 2 million tons of LNG yearly for a 15-year period since 2026. It is worth mentioning that Germany used to import more than half of its gas from Russia before the war in Ukraine; however, it has not received LNG from Russia since August 2022.

Before the full-scale invasion of Ukraine, Asian countries such as China, Japan and South Korea were the main importer of Qatari gas; however, European countries have considerably increased importing LNG produced by Qatar.

In February 2024, [India and Qatar](#) signed agreement on supplying 7.5 million tons per annum of LNG for 20 years, starting from May 2028. Consequently, to meet the needs of

partners, Qatar has announced its new gas output boost with overall expansion of [North Field](#) from 77 to 142 million tons per annum by 2030.

Moreover, Saudi Arabia authorities have also announced plans to increase oil production capacity by more than 1 mbpd to achieve 13 mbpd by 2027, along with developing gas production in the country. Per IEA estimates, Middle East National Oil Companies are the only ones among all regions that are planning to [invest](#) more in oil and gas activities in 2022 as compared to 2019.

Lin-Chen Si assumes that Europe's energy war is [beneficial](#) for the UAE much more than for other GCC members. Besides increasing gas production and its export to Europe, the UAE takes advantages from immigration of Russians as they buy real states and establish energy companies and enhance supplies of Russian commodities due to imposed sanction by the EU, UK and USA. However, the UAE managed to cautiously balance between cooperation with Russia and Western countries policies as UAE banks located in Turkey temporary stopped acceptance of a popular Russian card payment system. As well, the UAE refused paying for Russian oil by dirhams instead of dollars.

Russia's turn to Asia is an opportunity to the GCC members

Since February 2022, 12 from 45 Russian leading oil refineries have been attacked by a series of drone attacks from Ukraine, especially from in March 2024. As a result of these disruptions, Russia has lost around 10% of its oil refining capacity. According to different estimations, [Russia's losses](#) in oil refineries during the period 13-24 March vary from 600 to 900 thousand bd per day.

Primarily, Ukrainian drone attacks have targeted to [destabilize](#) oil market within Russia; however, it has also led to that global oil prices have increased recently by 2%. Taking into consideration Ukrainian's attacks on oil refineries in Russia and the time needed for their repair (which might take at least weeks or months), future supplies of Russian oil products might be delayed in export and therefore will not be received to importing countries on time, the majority of which are Asia. In the light of recent attacks on Russia's oil refineries, it is more likely that the GCC countries might be considered as more reliable suppliers of gas and oil these days in both European and Asian regions. Especially, after Russia's six-month [ban](#) on gasoline exports starting from 1 March 2024.

If drones' attacks launched by Ukrainians continue on the same pace as they have been in March 2024, they are more likely to affect the exports of Russia's oil products, which might decrease other countries', including Asian, reliance on Russia's oil, while in

some GCC countries might functionate more oil refineries to sell more oil products worldwide in the future.

Talking about geographical aspect, the GCC members have broadened and increased their oil and gas trade to Europe, exporting nowadays oil and gas to both Europe and Asia continents, while Russia exports mainly to Asian countries. This advantage might have a noticeable impact on GCC's economy and geopolitics, strengthening their position in global trade of oil and gas.

Conclusion

Due to imposed sanction on Russia in 2022 and 2023 because of its invasion of Ukraine, Russia has re-orientated its market to export its oil and gas to primarily Asian countries. Despite Russia being a leader of energy exports in Asia in some countries, it is likely that Gulf Countries would still remain dominant oil and gas suppliers for Eastern countries. Furthermore, there is a tendency in the Gulf countries to increase their gas and oil production since they have considerably increased exports of oil and gas products to Europe countries that seek for alternative ways of energy products suppliers instead of Russia.

About the author

Iryna Rishniak is an independent researcher. She holds Bachelor's and Master's Degrees in Interpreting and Translation of the Arabic and English languages from Kyiv National Linguistic University. Her research interests concentrate on world politics, geopolitics and trade relation of Ukraine in the Gulf context.

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