Opec does not need to make up for Russia oil output cut - Angola oil minister

By Stephanie Kelly

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There is no need for the Organization of the Petroleum Exporting Countries (Opec) to increase oil output to make up for Russia's 500,000 barrel per day cut, Angola's secretary of state for oil and gas told Reuters on Wednesday, 8 March.

Source: Reuters/Heinz-Peter Bader

"We believe the Russian oil is still there," Jose Barroso said on the sidelines of an energy conference in Houston. "They find a way, they find new markets... There is a balance in the market."

Russia said it would cut 500,000 bpd of supply from March. The Group of Seven countries, the European Union and Australia implemented the price cap on seaborne cargoes of Russian oil on 5 December, setting it at $60 a barrel.

Russian oil has found buyers in countries such as China and India that have not imposed sanctions.

If China is importing more oil from Russia, then perhaps it is importing less from other countries, Barroso said.

"We believe for the time being there is no need for the Opec member countries to increase their production," he added.

Barroso could not say whether Angola was losing market share in China to Russia, adding he lacks data on that. Energy demand in China is rising as Beijing loosens coronavirus restrictions.

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Angola still trying to meet current quota

Asked whether Angola would favour an increase in Opec output quotas if it could produce more, Barroso said the country has a long way to go before reaching its current quota.

Opec and allies, known as Opec+, agreed to cut their output target by 2 million barrels per day from last November through 2023. As part of this, the 10 Opec members bound by the deal have a target to produce 25.416 million bpd.

Angola's output was 1.050 million barrels per day (bpd) in February, and its Opec target was 1.455 million bpd. Opec output is significantly undershooting targeted amounts because many producers - notably Nigeria and Angola - lack the capacity to pump at the agreed levels.

US energy envoy Amos Hochstein said this week during the CeraWeek conference that the price cap - designed to reduce Russian revenues without slowing its exports - was working well, as Russian oil was still finding its way to market.

Opec secretary general Haitham Al Ghais said on Tuesday that he was not concerned about the rerouting of Russian crude exports to countries such as China and India.