

# RADIO FREE EUROPE *Research*

## COMMUNIST AREA

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### LONG-TERM OIL PRODUCTION TARGET LOWERED?

The Soviet Minister of the Oil Extraction Industry, V. Shashin, has just announced a target for Soviet oil output in 1975 which seems to imply a downward revision of the long-term production plan. On 27th October, according to Tass, he said that oil output in 1967 would amount to 300 million tons, and that it is rising at about 20,000,000 tons a year. By 1975 he expects the annual oil output of the USSR to be 470,000,000 tons.

This statement has some interesting implications. In 1964 the Soviet output target for 1970 was 390,000,000 tons, but this was revised downwards in 1965 to 355 million,<sup>1</sup> not because the oil lobby had been defeated, but because 390 million were unattainable. On the basis of Shashin's figures the 355 million figure may well be reached in 1970. But his target for 1975 is considerably lower than might have been anticipated on the basis of the data previously available.<sup>2</sup> The 1980 output target, as published in February 1967<sup>2</sup> is 630 million tons, but if output is to rise by 115 million tons between 1970 and 1975 it seems unlikely to grow by 160 million in the 1975-80 period. An appreciably less steep growth curve would seem more probable, with a more realistic 1980 figure of perhaps 600 million tons.

If S. Albinowski's demand projections are about right (see Polityka, 24 September 1966), the USSR is expected to be consuming as much as 560 million tons of oil p.a. by 1980; and that would leave an export surplus of only 40,000,000 tons if 600,000,000 are eventually produced. In which case the 50,000,000 tons of oil exports to the Comecon countries forecast by Albinowski

- 1) See Pravda, 2 December 1965.
- 2) World Economics and International Relations, No. 2, 1967, article by L. Tomashpolsky, see RFE Research report "The Long-Term Fuel Picture," 1 March 1967.

seem likely to be a mere "Friendship" pipe dream. If Shashin is right, future supplies of ruble oil are going to be a lot more difficult to come by, when allowance is made for the Soviet exports to the capitalist world. At present these are running at about 46,000,000 metric tons a year, rather more than the entire surplus now visible in 1980. And since they bring in hard currency they are likely to continue to take precedence over "Friendship" oil. On the basis of Shashin's figures, either demand in the USSR will have to be held down to levels well below those of the Albinowski forecasts, or E. Europe will find itself increasingly short of soft currency oil.

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3) Petroleum Press Service, November 1966.