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10 September 1975

MEMORANDUM FOR: Ambassador Deane Hinton  
Office of the Under Secretary  
for Economic Affairs  
Department of State

SUBJECT : Soviet Oil Exports

Attached is information you requested on Soviet oil exports and the quality of Soviet crude oil. Soviet exports to the Free World in 1974 were about 9 hundred thousand barrels a day, almost all to Western Europe. The Soviet's have little potential to increase exports above this level; consequently, any Soviet exports to the US would be at the expense of traditional customers in Western Europe. The quality of Soviet crude is comparable to Iranian crude which sells for about \$12 a barrel cif Western Europe.

Director  
Economic Research

**CIA HISTORICAL REVIEW PROGRAM  
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Soviet Oil Exports

From available US statistics, Soviet exports of crude oil to the US amounted to about 1.3 million barrels, almost 100,000 in 1972 and about 1.2 million in 1973. No data are available on the quality of Soviet oil imported or where the oil was processed in the US.

Most of the crude oil exported from the USSR in recent years has come from the large older fields -- Romashkino, Mukhanovo, Tuymazy -- in the Urals-Volga region. These crudes are similar in quality to light and medium crude oils from Saudi Arabia and Iran. They have API gravities ranging from 32° to 35° and generally contain 1.2% to 1.6% sulfur and can readily be processed in refineries that handle Middle East oil. During the past 2 years, crude oil from West Siberia -- mostly low-sulfur oil from the giant Samotlor field -- has been piped to the Urals-Volga region and blended with Urals-Volga crudes for export. A comparison of the quality of Soviet crudes mentioned above with selected ones from the Middle East, Venezuela, and the US is shown in the attached table.

The c.i.f. prices for Soviet crude oil delivered to Western Europe in 1974 ranged from \$10 to \$12 per barrel and were competitive with prices of Middle East oil delivered to the same market. In general, Soviet prices rose gradually from early in the year to the latter part of the year. Average c.i.f. prices for Soviet oil delivered to selected West European countries are as follows:

Italy -----	\$11.25/barrel
West Germany-----	\$10.77/barrel
Netherlands-----	\$11.20/barrel
Belgium-----	\$ 9.88/barrel
Finland-----	\$12.32/barrel
Austria-----	\$11.25/barrel (f.o.b. price)

During 1974 average c.i.f. prices of Saudi Arabian and Iranian crude oils delivered to Western Europe rose steadily. Average c.i.f. prices per barrel for Saudi Arabian and Iranian crude oils delivered to Italy and West Germany are shown below:

	1974		
	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>
Italy			
Saudi Arabian crudes	\$7.49	\$10.03	\$10.90
Iranian crudes	\$7.92	\$ 9.49	\$12.20
West Germany			
Saudi Arabian crudes	\$9.24	\$10.86	\$10.90
Iranian crudes	\$8.55	\$10.99	\$10.80

Average c.i.f. prices of Saudi Arabian and Iranian crude oils delivered to the US in 1974 were \$12.07/barrel and \$12.37/barrel, respectively. Approximately the same price level has been maintained for these crudes in 1975. When the USSR first began exporting oil price discounting was prevalent to gain access to world markets, but there have been no reports of any Soviet discounts for oil exported to the West in recent years.

Soviet Oil Exports to the United States in 1975

Through August 1975 no Soviet crude oil was delivered to the US.

For the period January-April 1975, the USSR exported 3.2 million barrels of petroleum products to the US with a total Customs value of \$36.8 million, as shown below:

<u>Product</u>	<u>Thousand Barrels</u>	<u>Customs Value</u> (000 dollars)
Naphtha	317	\$3,354
Fuel oil (>25°API)	1,893	21,794
Fuel oil (<25°API)	<u>1,001</u>	<u>11,693</u>
TOTAL	3,211	\$36,841

The average F.a.s. (Free alongside ship) prices for the Soviet products delivered to the US are:

Naphthas	- - - - -	\$10.58/bbl
Fuel oil (>25°API)	- - -	\$11.51/bbl
Fuel oil (<25°API)	- - -	\$11.69/bbl

(all of the above prices include an import duty of \$0.21/bbl)

The average US import price for each of the products shown above during January-April 1975 is:

Naphtha\$ . . . . .	\$11.82/bbl
Fuel oil (>25°API) - - -	\$12.32/bbl
Fuel oil (<25°API) - - -	\$10.72/bbl

(The import tariff for these products from Free World countries is \$0.105/bbl.)

In general, the quality of Soviet fuel oils exported to the US and to other western countries is comparable to the quality of fuel oils from western refineries. Most of the Soviet fuel oils exported to the West have a sulfur content of 1% or less and meet US environmental pollution requirements.

SOURCE: FT 135/April 1975, US General Imports/Schedule A Commodity by Country, US Department of Commerce, Bureau of the Census, pp. 2-86 to 2-88.

SPECIFICATIONS OF SELECTED SOVIET AND WESTERN CRUDE OILS

Characteristic	USSR				Saudi Arabia		Iran		Venezuela		US	
	Romashkino	Mukhanovo	Tuymazzy	Samoclor	Chavar	Gach Saran	Tia Juana	Average East Texas	Average West Texas	Average East Texas	Average West Texas	
Gravity, °API	33	35	34	35	34	33	27	38	36	38	36	
Sulfur, weight %	1.6	1.3	1.44	0.9	1.85	1.66	1.49	0.3	0.3	0.3	1.75	
Base	Intermediate	Intermediate	Intermediate	Naphthenic	Intermediate	Intermediate	Naphthenic	Paraffinic	Paraffinic	Paraffinic	Intermediate	
Percentage Yield:												
Gasoline and naphtha	24	25	26	30	20.0	27.2	16.7	36	36	36	35	
Kerosene distillate	12	13	13	12	15.4	8.3	3.8	10	10	10	10	
Gas oil distillate	16	15	17	16	10.1	13.0	15.9	15	15	15	14	
Lubricating distillate	15	14	10	16	16.5	15.2	15.2	14	14	14	16	
Residuum	29	29	30	24	29.0	32.1	44.1	22	22	22	24	
Gas and loss	4	4	4	2	1.0	4.2	4.3	3	3	3	1	
	100	100	100	100	100.0	100.0	100.0	100	100	100	100	