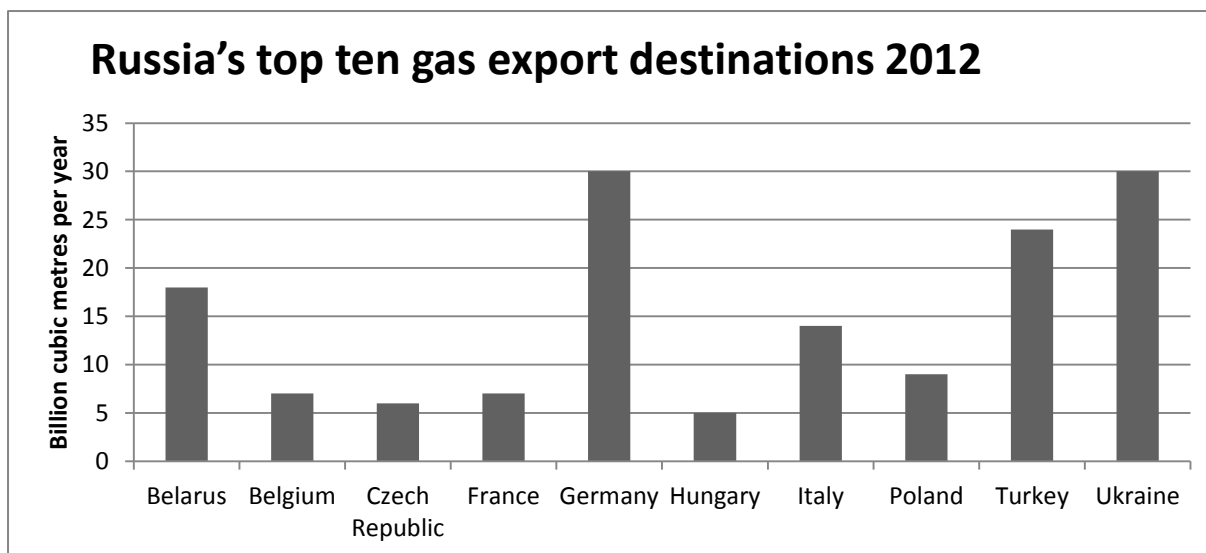


Lesson five teacher notes

In this lesson, students will study **global interactions** between Russia and other places, including the European Union and China. These interactions include the exchange of **fossil fuels** for money. Other countries depend on Russia for the **natural resources** they need. In turn, **financial flows**, generated by gas and oil sales, make Russia richer. However, much of the **petrodollar** wealth is concentrated in the hands of a few individuals and corporations, sometimes referred to as the **oil oligarchs** (an oligarchy is a power structure where power lies in the hands of a small group of people).

- ✓ They will continue to consider important **connections** in human geography between different places, creating a state of **inter-dependency**.
- ✓ In terms of **skills**, they will develop an ability to plot **proportional arrows** and design **choropleth maps**.
- ✓ They will think critically about the reasons why Russia's neighbours in Europe have strived to build a good **geopolitical** relationship with Russia

Russian gas and oil exports



Source: BP

Russia's top five oil export destinations 2012

	Barrels per year
Belarus	157 million
Poland	172 million
China	175 million
Netherlands	201 million
Germany	250 million

Source: US Energy Information Administration

Imports from Russia as a percentage of total imports of natural gas, 2012

Austria	71
Bulgaria	100
Czech Republic	100
Estonia	100
Finland	100
France	16
Germany	36
Greece	60
Hungary	44
Italy	28
Latvia	100
Lithuania	100
Netherlands	11
Poland	80
Romania	86
Slovakia	99
Slovenia	28
UK	Unknown

Source: *Financial Times*

Keeping an eye on Russian-Chinese deals

Russia-China 'Gas Deal of the Century'

Overall cost: \$400bn - the biggest ever for Gazprom

- 30-year agreement to start in 2018
- 38 bcm of Russian gas to be delivered to China annually

Source *Global Research website*: <http://www.globalresearch.ca/global-geopolitics-and-the-russia-china-gas-deal-of-the-century/5383286>

Gas

Russia is the second-largest producer of dry natural gas and third-largest liquid fuels producer in the world. Despite its significant reserves of coal, it produces only a modest amount of coal. Russia's economy is highly dependent on its hydrocarbons, and oil and gas revenues account for more than 50% of the federal budget revenues.

Russia is a major producer and exporter of oil and natural gas, and its economy largely depends on energy exports. Russia's economic growth continues to be driven by energy exports, given its high oil and gas production and the elevated prices for those commodities. Oil and gas revenues accounted for 52% of federal budget revenues and over 70% of total exports in 2012, according to PFC Energy.

Russia was the world's third-largest producer of oil (after Saudi Arabia and the United States). Preliminary data for 2013 show that Russia still is the third-ranked producer of total liquids, with average production at 10.5 million barrels per day (bbl/d) through September 2013. Russia was the second-largest producer of natural gas in 2012 (second to the United States).

Russia is the third-largest generator of nuclear power in the world and fourth-largest in terms of installed capacity. With ten nuclear reactors currently under construction, Russia is the second country in the world in terms of number of reactors under construction in 2012, according to the International Atomic Energy Agency.

Russia consumed 32.77 quadrillion British thermal units (Btu) of energy in 2011, the majority of which was in the form of natural gas (56%). Petroleum and coal accounted for 19% and 14%, respectively.

Oil

Russia was the third-largest producer of liquid fuels in 2012, following the United States and Saudi Arabia. During that year, liquid fuels production averaged 10.4 million bbl/d.

Russia's proven oil reserves were 80 billion barrels as of January 2013, according to the Oil and Gas Journal. Most of Russia's resources are located in Western Siberia, between the Ural Mountains and the Central Siberian Plateau and in the Volga-Urals region, extending into the Caspian Sea. Eastern Siberia holds some reserves, but the region has had little exploration.

In 2012, Russia produced an estimated 10.4 million bbl/d of total liquids (of which 9.9 million bbl/d was crude oil), and it consumed roughly 3.2 million bbl/d. Russia exported over 7 million bbl/d in 2012, including roughly 5 million bbl/d of crude oil and the remainder in products. Russia's pipeline oil exports fall under the jurisdiction of Transneft, the state-owned pipeline monopoly.

Source: CIA, World Factbook

Who is getting wealthy?

Russia's oil production by company, 2012 (shows oil only, and not gas production)

Company	Thousand barrels /day
Rosneft	2,448
Lukoil	1,670
TNK-BP	1,493
Surgutneftegaz	1,223
Gazprom Neft	626
Tatneft	518
Slavneft	356
Gazprom	314
Bashneft	307
Russneft	295
PSA operators	283
Novatek	85
Others	697
Total	10,315

Source: <http://www.eia.gov/countries/analysisbriefs/Russia/russia.pdf>

Russia's Moneymen



**ALISHER
USMANOV**

\$21.9b
NET WORTH



**VIKTOR
VEKSELBERG**

\$16.1b
NET WORTH



**MIKHAIL
PROKHOROV**

\$13.3b
NET WORTH



**DMITRY
RYBOLOVLEV**

\$9.4b
NET WORTH

SASHA MORODOVETS/GETTY IMAGES; VLADIMIR VYATKIN/RIA NOVOSTI; SIMON DAWSON/BLOOMBERG; PASCAL LE SEGRETAIN/GETTY IMAGES
DATA: BLOOMBERG BILLIONAIRES INDEX

Source *Business Week* website: <http://www.businessweek.com/articles/2013-02-28/russias-oligarchs-ditch-oil-and-gold-to-pile-up-cash>

110 very rich Russians

'With just 110 individuals holding 35% of the country's riches, Russia has the highest level of wealth inequality in the world (with the exception of some small Caribbean nations that have resident billionaires). There's a stark contrast between that and the world average, where billionaires hold around 1-2% of wealth. Globally, for every US\$170bn in household wealth there is on average 1 billionaire. In Russia, there is just US\$11bn in household wealth for every billionaire in the country.'

Here are the top 30. How many have oil and gas wealth?

Russian Rankings	World rankings	Names	Sources of wealth	Net worth (USD billions)
1	45	Alisher Usmanov	steel, telecom, investments	18.6
2	50	Mikhail Fridman	oil, banking, telecom	17.7
3	51	Viktor Vekselberg	oil, metals	17.1
4	68	Vladimir Lisin	steel, transport	15.1
5	73	Leonid Mikhelson	gas, chemicals	14.7
6	74	Vladimir Potanin	metals	14.6
7	77	Gennady Timchenko	oil & gas	14.4
8	89	Vagit Alekperov	LUKoil	13.1
9	109	German Khan	oil, banking, telecom	11.4
10	110	Sergey Galitsky	retail	11.2
11	117	Andrey Melnichenko	coal, fertilizers	10.9
12	119	Mikhail Prokhorov	investments	10.5
13	120	Alexei Mordashov	steel, investments	10.5
14	135	Roman Abramovich	steel, investments	9.5
15	151	Alexey Kuzmichev	oil, banking, telecom	8.8
16	152	Dmitry Rybolovlev	fertilizer	8.8
17	160	Andrei Skoch	steel	8.2
18	161	Yevtushenkov	telecom	8.2
19	173	Oleg Deripaska	aluminum, utilities	8.0
20	215	Suleyman Kerimov	investments	6.7
21	221	Iskander Makhmudov	mining, metals, machinery	6.5
22	235	Leonid Fedun	Lukoil	6.2
23	238	Pyotr Aven	oil, banking, telecom	6.2
24	242	Filaret Galchev	construction materials	6.1
25	277	Sergei Popov	banking	5.4
26	366	Samvel Karapetyan	development	4.3
27	398	Alexander Abramov	steel, mining	4.0
28	409	Arkady Rotenberg	construction, pipes,	3.9
29	421	Igor Kesaev	tobacco distribution, retail	3.9
30	438	Andrei Guriev	fertilizers	3.8

Source Guardian website: <http://www.theguardian.com/news/datablog/2013/oct/09/worlds-wealthy-where-russia-rich-list>