
BRIEFING

European and U.S. Energy Companies are Responsible for Nearly USD 100 Billion to Putin's War Chest Since Crimea Invasion

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Revenues from oil and gas projects backed by European and U.S. companies have fueled Vladimir Putin's regime to the tune of nearly USD 100 billion since 2014. While the Russian government has benefited from majority state-owned or state-controlled oil companies such as Gazprom and Rosneft, European and U.S.-based corporations have also spearheaded large oil and gas projects that filled Putin's coffers. These oil majors have long sought access to Russia's vast hydrocarbon reserves, and in many cases brought the technological and operational expertise needed to realize projects.

Oil and gas company investments have taken the form of both equity holdings, such as BP's stake in Rosneft, and joint ventures such as ExxonMobil's operation of the Sakhalin-1 project.¹ Since Russia invaded Ukraine in February 2022, oil and gas companies have faced pressure to disassociate with Russian producers, but recent divestments do not change their long history of support for Putin's regime.

Table 1 shows the estimated revenues from oil projects backed by major European and American oil and gas companies to the Russian government from 2014, the year Putin sent troops into Crimea, through 2021.² This 2014 invasion was widely condemned as a violation of international law and should have prompted these companies to

reconsider their role in financing a military accused of such violations. All payments found in this briefing are taken from Rystad Energy's UCube economic model. A more detailed accounting could shed more light on the economics of these Russian oil projects, but such a study would be hindered by a lack of transparency.³

The first column of Table 1 shows estimated direct payments to the Russian government due to upstream oil and gas projects located in Russia, as attributed by the company's proportional share in those projects. The second column shows estimated payments to the Russian government by Russian companies who have European minority owners, attributed by the minority company's equity share. For example, Rosneft (of which BP owns a 22% stake) and Novatek (of which TotalEnergies owns a 19.4% stake). These estimates may differ from actual payments made by an individual company to the Russian government for a variety of reasons, but they provide an estimate of U.S. and European oil company support for the Russian government during this time period.

BP stands out because of its share of the \$353 billion estimated government take from Rosneft during this time period. In the early 2000s, BP had

¹ Ron Bousso and Dmitry Zhdannikov, 'BP quits Russia in up to \$25 billion hit after Ukraine invasion,' Reuters, March 1, 2022, <https://www.reuters.com/business/energy/britains-bp-says-exit-stake-russian-oil-giant-rosneft-2022-02-27>; 'Eni plans to exit Blue Stream pipeline JV with Russia's Gazprom,' Offshore Technology, March 3, 2022, <https://www.offshore-technology.com/news/eni-exit-pipeline-gazprom>.

² See Table 1 for figures and methodology on page 2.

³ <https://www.washingtonpost.com/business/2020/04/06/energy-companies-foreign-payments>

Table 1: Estimated Payments to Russian Government by Selected Companies 2014-2021 (Billion USD)

	Estimated Direct payments	Estimated payments by Russian companies attributed via minority interest	TOTAL
BP	\$0.82	\$77.60	\$78.42
Shell	\$7.85	0	\$7.85
Wintershall Dea	\$2.86	0	\$2.86
ExxonMobil	\$2.81	0	\$2.81
TotalEnergies	\$0.57	\$1.95	\$2.52
Equinor	\$0.46	0	\$0.46
OMV	\$0.25	0	\$0.25
Trafigura⁴	\$0.20	0	\$0.20
TOTAL	\$15.81	\$79.55	\$95.40

Source: Rystad Energy UCube March 2022

a minority interest in BP-TNK, which was sold to Russian state-owned oil company Rosneft in 2013, leaving BP with a 19.75% share of Rosneft stock.⁵ This share rose to over 22% in 2020 due to Rosneft share buybacks, although BP maintains its voting share at 19.75%.⁶ BP also nominated two members to sit on Rosneft's board.⁷

BP's share of Rosneft's oil and gas production, as reported in its 2020 annual report, accounts for 30% of BP's total 2020 oil and gas production.⁸ BP's accounting method for its stake in Rosneft allows BP to report a share of Rosneft's oil and gas production, and revenues and profits (or loss) as part of BP's income statement.⁹

In this briefing, we have reported BP's and TotalEnergies' share of the royalties and taxes paid by the Russian companies, proportional to their equity stakes. In response to the findings of this briefing, BP stated that it does not consider itself as being responsible for any share of Rosneft's payments to the Russian government.¹⁰ However, we included these values to provide greater transparency and a full accounting of these companies' activities in Russia on the principle that a company's responsibilities are proportional to its share in the companies it owns stakes in, in the same way that the benefits it enjoys are.

⁴ In response to a request for comment on this Rystad Energy data from Global Witness, Trafigura stated that it does not operate upstream fossil fuel assets in Russia and has not directly paid monies arising from production of fossil fuels. Trafigura states that it had a minority 10% stake in the Vostok Oil project.

⁵ Laura Hurst and Emma Ross-Thomas, 'BP to Exit Rosneft Stake and May Take a \$25 Billion Hit,' Bloomberg, February 28, 2022, <https://www.bloomberg.com/news/articles/2022-02-27/bp-to-exit-its-20-shareholding-in-russian-oil-producer-rosneft>; Tom Wilson and Guy Chazan, 'BP to divest stake in Russian state-oil company Rosneft,' Financial Times, February 28, 2022, <https://www.ft.com/content/8b4968fa-40d8-40ae-b2f9-f12cd8b23f9c>.

⁶ Reuters, BP interests in Rosneft grow to 22% in 2020. <https://www.reuters.com/article/uk-bp-rosneft/bps-interests-in-rosneft-grow-to-22-in-2020-idUSKBN2BE2IZ>

⁷ BP to exit Rosneft shareholding. 27 February 2022. <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-to-exit-rosneft-shareholding.html>

⁸ BP Annual Report 2020. <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-annual-report-and-form-20f-2020.pdf> pages 23 and 320.

⁹ BP uses the equity-accounting technique to report the financial flows from Rosneft. It is a method used to attribute the proportional share of the investee company's (Rosneft) financial metrics to the investor company (BP).

¹⁰ When asked for comment on these findings by Global Witness, BP disputed the findings in relation to attributing a share of Rosneft's payments to the Russian government to the company. It stated that "we simply do not recognise the numbers you cite or, indeed, any suggestion that bp was somehow "responsible for paying" Russia "an estimated \$78.4" billion since 2014".

Although BP has announced it will divest its stake in Rosneft, the past impact of this equity stake cannot be negated — both in terms of the benefit to Rosneft from the capital provided, and the cash flowing as a result to the Russian state.

In total, these eight companies — BP, Shell, Wintershall Dea, ExxonMobil, TotalEnergies, Equinor, OMV, and Trafigura — are responsible for over USD 95 billion to the Russian government via their stakes in Russian oil and gas projects and companies since 2014, with BP responsible for 80% of this total.

Ultimately, the fact that Russia's decision to invade Ukraine was able to send global oil and gas markets spiraling is yet another reason to speed up the transition to clean energy sources like wind and solar, which are far more stable and

affordable. We cannot trust the oil and gas industry — responsible not only for the climate crisis, but also conflict, displacement, and human suffering around the world — to be part of the solution to climate change.

Rather than aid the transition to cleaner and more stable energy, U.S. and European oil majors have spent the past decade financing Putin's regime. Oil majors must not be celebrated for succumbing to political and financial pressure to sell and abandon assets financing an autocratic, expansionist regime, when they held those assets and made tens of billions of dollars doing so, from Putin's first annexation of Crimea and Donbas right up until after Russia finally invaded Ukraine in a full-scale invasion.

Company responses: All 8 companies mentioned in this report were approached for comment – summaries of their comments can be found at <https://www.globalwitness.org/en/campaigns/fossil-gas/energy-companies-100bn-russia>

Methodology: We use the Rystad Energy Ucube database to query the production and economics of the upstream oil and gas industry. Upstream refers to the exploration and extraction of oil and gas. Payments to the government, labeled Government Take in the database, include royalties, government profit oil, export duties, bonuses, income taxes, and other taxes and fees. The figures include payments derived from minority interest shares in Russian companies as well as those from assets directly owned by these companies.

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