The paper analyses peculiarities of development of oil industry in Russia after the collapse of the Soviet Union. Changes in the industry are focused on the competition development, the aim of which is to increase the level of oil production. Nevertheless, the effects of structural change cannot be assessed unambiguously. The paper analyzes the state of competition in the oil industry and possible consequences of its development. Based on the results of the analysis, the paper provides recommendations for the formation of public policy in the domestic oil and petroleum products market and oil industry.