

# Transneft Complains About Shoddy Contracting

By [The Moscow Times](#)

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**The**  **Moscow Times**

State pipeline operator Transneft complained Friday of construction delays and shoddy work by builder Stroitransgaz on links to China and the Baltic Sea.

Transneft has “concrete grievances with Stroitransgaz as a contractor due to delays and the poor quality of their work,” the company said on its web site.

Russia is building a 770 billion ruble (\$25 billion) oil link across East Siberia to boost flows to China and a pipeline bypassing Belarus to a port near St. Petersburg after payment disputes with Minsk.

Transneft has raised tariffs to help pay for construction, against the protest of oil producers who say cost increases may slow resource development.

Stroitransgaz, controlled by energy trader Gennady Timchenko’s Volga Resources investment

company, said Aug. 13 that failure to agree on payments with Transneft hurt its second-quarter results.

The pipeline builder said its loss, which widened to 3 billion rubles (\$100 million) in the first half from 590 million rubles a year earlier, may narrow in the third quarter after it completes payment talks with clients.

“Unresolved problems” in calculating costs and signing off on completed work with Transneft and the Vankor unit of state-run Rosneft were the main reasons for the loss, Stroitransgaz said in its financial filing.

Transneft spokesman Igor Dyomin declined to comment on payments. Stroitransgaz could not be immediately reached for comment by phone and did not reply to an e-mail. Rosneft declined to comment.

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