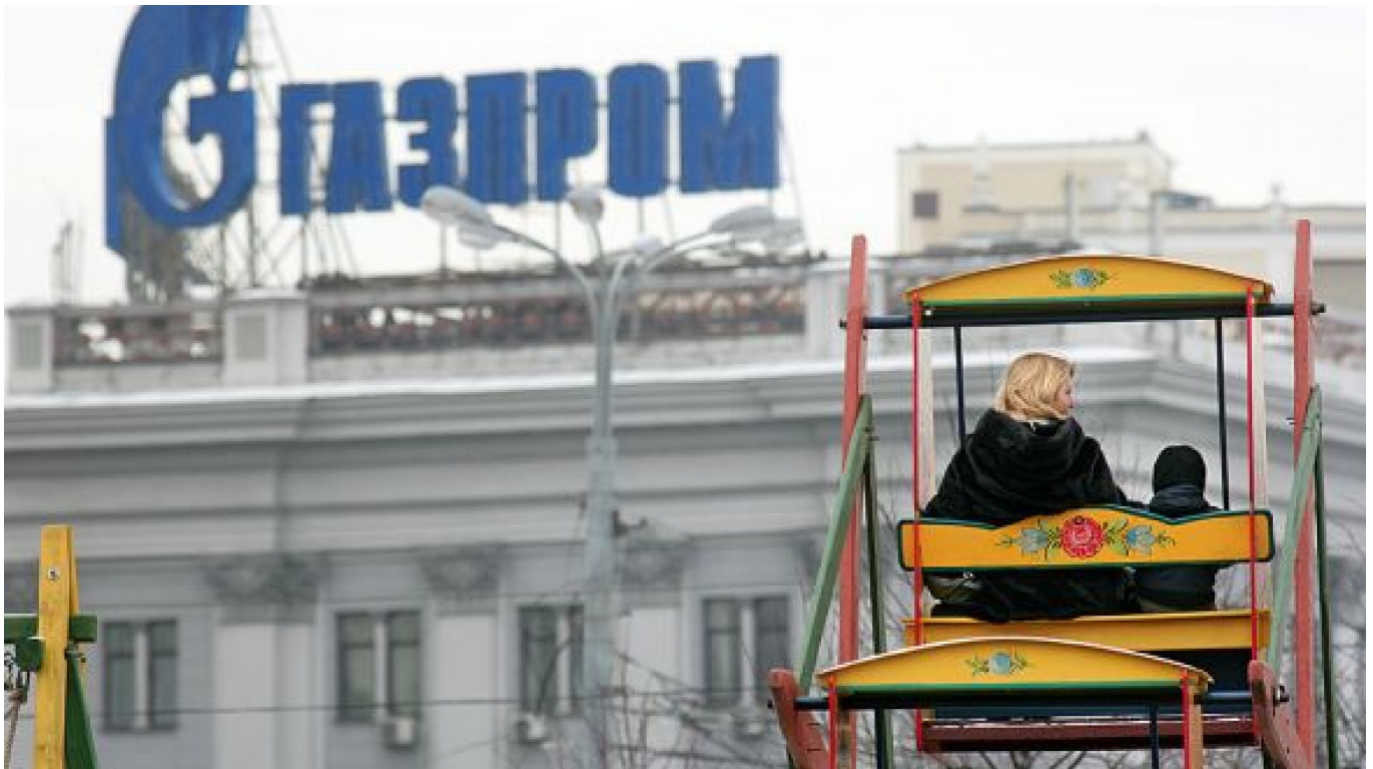


# Asian Issues Help Gazprom With Europe

By [The Moscow Times](#)

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Gas prices are increasing for European sales in the wake of Fukushima and jitters about Chinese consumption. **Igor Tabakov**

Gazprom said Thursday that Europe was easing off demands for pricing concessions as a fresh round of price talks loom with China, the world's fastest growing consumer.

A Chinese source close to the long-stalled talks on the price of future pipeline deliveries to China said CNPC and Gazprom were looking to strike a deal before June.

Falling demand in Europe and competition from seaborne deliveries of super-cooled liquefied natural gas deliveries have forced Gazprom to cede some ground and include an element of spot pricing into its standard 20-year term contracts.

But recently spot prices have increased on the back of worldwide economic recovery and the devastating earthquake and tsunami that left Japan scrambling for more energy resources.

"The European trend is such that European clients want less and less to include a spot price

in their contracts," Gazprom's deputy chief executive Valery Golubev told reporters on the sidelines of an energy conference in Moscow.

Gazprom plans to increase the gas price for Europe in 2011 by about 15 percent to \$352 per 1,000 cubic meters on average.

One of its key clients, German utility E.ON Ruhrgas, has requested that all of its contract purchases be linked to spot-market gas prices. Golubev said Gazprom head Alexei Miller met with E.ON earlier this week.

Reiner Hartmann, head of E.ON Ruhrgas' representative office in Russia, told Reuters, "The talks are continuing."

Golubev also said the state-controlled energy giant still hoped to conclude a pricing deal with China in the coming months. "I hope that we'll agree on the price this summer," he said.

The Chinese source said, however, that the breakthrough could come sooner. "Our positions have gotten much closer. We are not far away now, and we are aiming to have a commercial agreement in place by June," he said.

State-owned Gazprom wants to pump 30 billion cubic meters of gas a year to China from end-2015, but price talks have been bogged down for years. A fresh round of talks will start next week, Golubev said.

The talks will cover the possibility of a Chinese loan to Russia to build a pipeline, he said, adding the talks focused on a route favored by Gazprom from its Arctic Yamal gas fields and over the Altai mountains to the Chinese border.

Gazprom intends to take the Lithuanian government to court over the situation with the country's gas importer and pipeline operator Lietuvos Dujos and expects to win, the gas giant's deputy chief executive Golubev told reporters, Interfax reported. ❑Lithuania's Energy Ministry thinks Gazprom has breached an agreement on the privatization of Lietuvos Dujos, in which Gazprom owns 37 percent of the shares, as it has supplied gas to the republic not "at fair prices." ❑

"We'll go to court, and they'll lose. They'll lose in any court. There's been no breach of obligations [by Gazprom]. The Lithuanian government approved the price formula in 2008, before the Third Energy Package came in. We haven't done anything to put Lithuania in a worse position in 2009 and 2010," Golubev said.

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