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Vladivostok LNG Plant Gets $7Bln

By The Moscow Times

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UFA — Gazprom and a consortium of Japanese companies will invest $7 billion to build a liquefied natural gas, or LNG, plant near the Pacific port of Vladivostok, a source in Gazprom said Thursday.

The plant will double Gazprom's annual production of LNG to 20 million tons after it will be launched in 2016 to satisfy rising demand for the fuel.

Russia is gaining in its share of the Japanese energy market, which suffered a devastating accident at the Fukushima nuclear plant in March after an earthquake and tsunami.

Gazprom has already increased supplies of LNG cargoes to Japan, the world's top buyer of the frozen gas.

Japan imported 70 million tons of LNG last year, with Russia, the fifth-biggest supplier to Japan, accounting for 6 million tons.

The source in Gazprom told reporters on Thursday that the investment required for the plant's construction is estimated at $7 billion. Japan is slated to get 7 million tons of the LNG a year, and the rest will be shipped to South Korea.

"Total investments to build the plant will amount to $7 billion. The return on the investments is expected in seven to eight years," he said.

Last month, a consortium led by the Japanese trading house Itochu Corp. said it might build an LNG plant in Russia's Far East together with Gazprom, which is already producing some 10 million tons of LNG on the Pacific island of Sakhalin.

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