

China Sees Gas Deal Ahead of Hu's Visit

By [The Moscow Times](#)

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Hu will visit Russia on June 15 to 18 and stop by the St. Petersburg forum. **David Gray**

China could sign a deal to import Russian natural gas ahead of President Hu Jintao's visit to Russia later this month, Assistant Foreign Minister Cheng Guoping said.

"Before Hu's state visit, there will be a major agreement on natural gas," Cheng told reporters in Beijing on Tuesday, adding that Hu's visit would take place June 15-18.

China, seeking to boost consumption of cleaner-burning gas to cut carbon emissions and rely less on coal, has held talks with Russia on gas shipments by pipeline for at least 14 years. Russia, which became China's largest trading partner in 2010, aims to sign a 30-year gas supply contract June 10, RIA-Novosti reported May 31.

The talks "have been going smoothly," Cheng said. "China and Russia are talking about an unprecedented gas cooperation contract in terms of duration and the quantity. The two sides need each other."

Gazprom could ship 68 billion cubic meters a year of the fuel to China, RIA-Novosti said May 31, citing Deputy Prime Minister Igor Sechin. That's more than 75 percent of the 88.7 bcm that China used in 2009, BP's Statistical Review of World Energy shows.

Russia plans to deliver the gas through two pipelines, Energy Minister Viktor Khristenko said in 2007. The western link will transport 30 bcm a year, while the eastern pipeline will export 38 bcm annually, he said.

"For China, both routes provide significant additional volumes of gas at a juncture when the overall future impact of its unconventional resources on future indigenous supply is still unproven," Gavin Thompson, director of China Gas Research at Wood Mackenzie, said in an e-mailed note Tuesday. "Also, both routes offer benefits for Russia, providing supply diversification."

China's natural gas imports more than doubled in the first quarter because of higher domestic demand, the Beijing-based National Development and Reform Commission, the country's top economic planner, said in April.

Gas may enter a "golden age" led by demand increases in China and the Middle East as new gas-fired power stations are built, the International Energy Agency said in November. China currently uses coal as fuel at about 70 percent of its power plants.

Global gas demand may surge as much as 44 percent to 2035 from 2008 levels to 4.5 trillion cubic meters a year as Chinese consumption grows an average 6 percent a year annually, according to the adviser.

Resource-rich Russia is expanding energy ties with China, designing pipelines to deliver oil and gas to the world's biggest energy consumer.

In 2009, Russia agreed to supply China with oil for 20 years in return for \$25 billion of loans to state oil company Rosneft and national oil pipeline monopoly Transneft. China is seeking to increase shipments to 30 million metric tons a year from the agreed 15 million tons.

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