

Petroleum Conference Talks Business, Image

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While the ninth Russian Petroleum & Gas Congress opened Tuesday with political representatives from places as far apart as Ghana and the European Union hailing their energy ties with Russia, a panel was grappling with how to improve the country's image as a global exporter of fossil fuels.

"The [energy] sector is decoupling from the general development trends of the state in front of our eyes," said Irina Kibina, vice president of TNK-BP.

Kibina added that those looking at the Russian energy sector tend to focus on the powerful oligarchs and the closed nature of many companies.

"Each company lives by its own laws," she said. "Companies must get together and understand that beyond their fences there is a life for which they must also answer."

The Nord Stream pipeline — currently being constructed under the Baltic Sea and in which Gazprom holds a controlling share — was held up as an example of a project that had been successfully marketed to European consumers and politicians.

Before building work could begin, agreements had to be reached with all the countries through whose maritime territory the pipeline would pass. Irina Vasilyeva, head of public relations for Nord Stream, said this process involved a lot of communications work along with political and business lobbying.

The company's PR strategy was to stress its European links and the large number of Europeans who worked on its staff.

"Above all we tried to distance ourselves from Russia," she said.

Gazprom may start production of liquefied natural gas and compressed natural gas in Vladivostok in early 2017, deputy chief executive Alexander Ananenko said Tuesday, Bloomberg reported.

Gazprom is seeking buyers, and the timing will depend on the market, Ananenko said. A pipeline from the Sakha republic is scheduled to start carrying gas to the eastern port city by early 2017.

Gazprom may seek Western markets for fuel from Kovykta and East Siberian fields after failing to reach a price agreement with China. Gazprom acquired Kovykta, close to the Chinese border, when TNK-BP bankrupted the license holder over debts to develop the field. Gazprom had blocked exports from Kovykta to China.

A renewed eastward push will start next year with the launch of a new field at the Pacific island of Sakhalin, Ananenko said, Reuters reported. "Who pays the most will get the gas," he said. Ananenko's remarks sounded like a warning to China, which last week failed to agree upon a final price for Russian pipeline gas deliveries in talks that had been meant to end five years of negotiations.

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