

Russia, China Resolve Oil Price Dispute

By [The Moscow Times](#)

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Workers laying the East Siberia-Pacific Ocean pipeline in 2007, after China gave Russia a \$25 billion loan for it. **Sergei Karpukhin**

Rosneft and Transneft settled a dispute with China over the price for Russian crude oil supplies via pipeline, Kommersant reported Tuesday.

The agreement gives China National Petroleum Corporation, or CNPC, a discount of \$1.50 per barrel, which will cost Rosneft about \$3 billion, Kommersant wrote, citing sources close to the negotiations.

Officials from the Russian firms and CNPC were not immediately available to comment on the report.

Oil pipeline monopoly Transneft and Russia's top crude producer Rosneft started pumping oil to China in January 2011 via the first stage of the East Siberian-Pacific Ocean pipeline after receiving \$25 billion in loans from Beijing.

But Russia and China have been mired in a row over pricing, which is based on the price of Russian crude in its Baltic ports with a differential applied for the cost of transporting the oil eastward.

Reuters sources said the Chinese side objected to the use of transportation costs to the Pacific port of Kozmino as a basis for the differential, since the Chinese border crossing is much closer to Russia's east Siberian fields than the port.

According to Kommersant, CNPC paid a total of \$134 million in arrears to Rosneft in the middle of January.

The Rosneft board will review the new pricing terms at a Tuesday meeting, while the board of Transneft approved the changes on Feb. 22, the newspaper wrote.

Rosneft agreed to form a venture with Itera to jointly develop natural gas assets and seek acquisitions, Bloomberg reported Tuesday. Rosneft and Itera, a nonstate gas explorer, plan to produce an annual 40 billion cubic meters of the fuel in the "next several years" from deposits with reserves of 1,200 bcm, the state-controlled oil producer said. The companies will start by developing Itera assets and later add some of Rosneft's.

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