

BASF, Gazprom Agree on Asset Swap

By [The Moscow Times](#)

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FRANKFURT — BASF will grant Gazprom full control of their jointly run European gas-trading and storage activities to gain more access to Siberian gas fields.

"Through the swap, BASF aims to further expand its production of oil and gas and to exit the gas-trading and storage business," BASF said in a statement Wednesday.

It declined to provide the deal's value.

"The traditional natural gas trading business ... offers [BASF oil and gas subsidiary] Wintershall little possibility for differentiation," it added.

Pending regulatory approval, the no-cash transaction would be completed by the end of 2013, but Germany's Economy Ministry said it reserved the right to veto any decision.

Gazprom, for its part, has long been seeking better access to nearby downstream European markets, where margins are still lucrative, even if pipeline gas from origins such as Russia has

come under margin pressure as a result of cheap new shale gas output from North America.

State-controlled Gazprom's tighter grip on European energy markets could be a politically sensitive issue, as governments are concerned about too much reliance on Russia.

Russia's wrangling with gas transit country Ukraine in 2006 and 2009 disrupted westbound gas supply in the middle of winter.

For a few days last winter, Gazprom could not meet all of Italy's short-term gas orders, and the gas company said more storage tanks were needed.

A BASF spokeswoman said the company notified the European Commission and Russia's Federal Anti-Monopoly Service of its intentions, as required by the EU, which seeks to ensure that its desired single energy market stays sustainable and competitive.

Analysts say wholesale gas trading in the EU already is highly developed, and Gazprom would have to subject itself to EU rules that enforce price transparency and fair access.

A spokeswoman for the energy commissioner said that under energy directives, storage owners are required to give access to third parties and be independent from suppliers.

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