

Gazprom Hints at Progress in China Talks

By [The Moscow Times](#)

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Gazprom's talks with China on supplying gas from eastern Siberia have moved "to a practical level," the company said, indicating it was seeking to revive the long-stalled negotiations.

The company's statement Tuesday, citing comments by chief executive Alexei Miller, showed that Gazprom may expect some progress in the talks, which have involved little more than formalities since the failure of a final deal at the last minute in June 2011.

Gazprom had hoped to sell up to 68 billion cubic meters of gas to China, not only from undeveloped new fields in eastern Siberia but also from its old core fields in western Siberia, which now supply European customers.

That would have put China in competition with Europe for those gas supplies. Pricing has been the thorniest issue throughout the long history of the Russia-China gas talks.

Gazprom argued that it could get a higher price for the gas from its European customers than China was offering, but China resisted the company's attempts to play off the two markets against each other to get higher prices.

After talks with Chinese energy officials last week, Deputy Prime Minister Arkady Dvorkovich said he expected progress on both route and price.

Gazprom, worried about falling demand in Europe, has already committed to spending \$38 billion to develop the eastern resources and build infrastructure to transport gas to Asian markets, a price tag seen as high by analysts.

It includes a plan to build a plant near Vladivostok to liquefy some of the gas and transport it by tanker to Asian customers, but analysts say a contract to sell gas by pipeline to China would be expensive and provide stable demand.

Gazprom plans total investment of 841 billion rubles (\$27.4 billion) next year, down from 975 billion this year, Interfax reported Tuesday, citing a source.

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