

Rosneft, Gazprom Close to Landmark Oil and Gas Deals with China

By [The Moscow Times](#)

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Russian state-owned energy companies Rosneft and Gazprom moved closer to landmark deals with China, urged by President Vladimir Putin to forge deeper ties with Asia's growing energy markets.

Moscow has had bumpy relations with Beijing, including a brief conflict in the 1960s over a small river islet, but the world's largest energy producer and its largest consumer share increasingly similar views on global issues such as Syria.

Gazprom said it had agreed with China National Petroleum Corporation to sign a deal by year-end to supply it with gas. Rosneft, a senior minister confirmed, is in talks with China for a major loan, which would be secured by an increase in oil supplies.

Putin, who closely oversees Russia's big energy deals, has told the state-energy majors to look East as Europe seeks to reduce energy dependence on its former Cold War enemy.

Gazprom's gas exports to western Europe and Turkey fell 7 percent last year to 139 billion cubic meters as the euro zone's economic crisis sapped demand.

Russia, the world's top crude producer, pumps 300,000 barrels per day of oil by pipeline to China.

But Moscow has been unable to secure a deal to pipe gas to China due mainly to differences on price and on routes.

On Wednesday Gazprom, the world's largest gas company, set a new deadline for completing the talks — the end of this year.

"Gazprom and CNPC agreed to intensify the talks on Russian natural gas supply via the eastern route with the aim of signing a purchase and sale contract by the end of 2013," Gazprom said.

China is trying to secure more sources of gas, including from Turkmenistan, as its demand is expected to quadruple by 2030.

Gazprom previously said supplies from Russia could be split, with 30 bcm per year coming from Gazprom's existing western Siberian fields and a further 38 bcm per year from its far eastern fields.

Its proposed Eastern route would include transport of gas via a pipeline along the Pacific coast and shipment of LNG on tankers at sea. Gazprom plans to launch a gas liquefaction plant near Vladivostok in 2018 with initial LNG output of 10 million to 20 million tons (up to 27 bcm) a year.

Gazprom said it discussed the Vladivostok LNG project with CNPC, without elaborating.

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