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Clash Between Russian Oil Chiefs Could Undercut Putin Ally

By The Moscow Times

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A rare public clash between two leading figures in Russia's state-dominated oil industry hints at a split in President Vladimir Putin's inner circle and could be intended to rein in one of his closest advisers.

Igor Sechin, who has built oil company Rosneft into the world's largest with Putin's help, has pushed for an expansion of a pipeline "spur" to take more oil to China, a profitable alternative market to Europe where demand is falling.

But on Thursday, the head of Russia's pipeline monopoly Transneft, Nikolai Tokarev, attacked the plans by asking if he was becoming just a "service company" to Rosneft, unusually outspoken comments for a member of Russia's siloviki, otherwise known as "the men of power" around Putin.

"Who will pay to expand the pipeline spur to China? Transneft isn't just a service company

for Rosneft," Tokarev said Thursday evening after a meeting of Transneft's expert council on innovation.

Rosneft declined to comment.

"This sort of thing didn't happen before, and the fact that they are going public may reflect nervousness over the recent government resignations," said an energy consultant in Moscow whose clients include state companies. "They were already at loggerheads over jobs and influence. This is confirmation."

Rosneft and Transneft supported a major eastbound pipeline and when it opened in 2009, it made Russia, the world's largest oil producing nation, a swing supplier between West and East.

Rosneft and Transneft borrowed $25 billion from Beijing that year under a deal to build the southern spur and deliver 300,000 barrels per day to China for 20 years from 2011.

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