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Rosneft Ships Additional Oil Supplies to China Under New Deal

By The Moscow Times

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Rosneft, Russia's top oil producer, said Wednesday that it had started shipping additional oil supplies to China, following an agreement signed last month.

Russia, the world's top crude producer, is shifting oil flows from debt-stricken Europe to fast-growing China, now the world's No.2 oil consumer after the U.S.

In June, Rosneft agreed to double oil supplies to China to reach a total of 360 million tons over the next 25 years (300,000 barrels per day) in a deal worth $270 billion.

As part of the deal, Rosneft plans to increase deliveries by 800,000 tons this year on top of the 15 million tons (300,000 barrels per day) it already supplies annually.

Rosneft, which started sending additional supplies on July 29, said it expected to ship extra barrels that it had earmarked for July by Thursday. It declined to comment on the exact

amount of oil it plans to send to China this month.

With its export pipeline to China and East Siberia-Pacific Ocean route to Kozmino, Russia will export around 750,000 barrels per day to Asia in July to September, or 17 percent of its overall exports of 4.4 million bpd.

Rosneft's additional supplies this year are not likely to strain export capacity at the Pacific port of Kozmino, which expects to ship 21 million tons of oil this year.

Next year, flows are expected to rise to 30 million tons, Kozmino's maximum, highlighting the need to expand its export capacities. Rosneft is considering using swap operations with neighboring countries such as Kazakhstan to ship more oil to Asia.

Traders expect Rosneft's export volumes for China to rise to 17 million tons in 2014 and as much as 20 million by 2015, on par with Germany, the top consumer of Russian oil to date.

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