

Gazprom Hopes to Clinch China Deal During Putin Visit in May

By [The Moscow Times](#)

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LONDON — Gazprom on Wednesday proposed signing a major China gas export deal in May, as industry sources indicated that the Russian gas giant may offer a lower price in return for billions of dollars in upfront payments.

Talks on selling Russian gas to China have dragged on for years with the two sides unable to agree on pricing.

Gazprom hopes to sign the long-awaited deal when President Vladimir Putin visits China in May. CEO Alexei Miller floated the idea at a meeting in Beijing with Zhou Jiping, the chairman of China National Petroleum Corp, or CNPC.

"Both sides are interested in successfully concluding the talks and focused on signing the contract as soon as possible," Gazprom said in a statement, adding that the contract should enter force this year.

A source close to the Russian company added that price terms had still not been agreed.

Kremlin-controlled oil company Rosneft received an at least \$12 billion lump sum late last year as part of a deal to ramp up supplies.

"China is standing very firm on their demand for low gas prices. But they seem to be much happier to explore the idea of prepayment. They tested this scheme many times with Rosneft and it worked quite effectively," a senior banking source said.

Industry sources said upheaval at CNPC, which is at the center of one of the biggest corruption probes in the Chinese state sector in years, has put on hold all major deals involving the firm.

But Gazprom is hoping to clinch a deal to pump 38 billion cubic meters per year by pipeline to China from 2018. That would be a quarter of its current sales to its main European export market, which generates more than half of its total revenues.

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