

Rosneft Wants Transneft to Finance Pipeline Expansion

By [The Moscow Times](#)

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MOSCOW — Russian state energy company Rosneft is pushing the government for approval on a share issue for Transneft so the pipeline monopoly can finance the expansion of routes to the east.

Rosneft, led by an ally of President Vladimir Putin, has been at odds with Transneft over who pays for expanding the East Siberia–Pacific Ocean, or ESPO, pipeline and its spur to China.

A spokeswoman for Deputy Prime Minister Arkady Dvorkovich said Wednesday that Rosneft's CEO, Igor Sechin, had made the proposal for government to issue more shares and Prime Minister Dmitry Medvedev had passed it on for consideration.

"There is such an order [for the government to assess Sechin's proposal]," she said, adding that Dvorkovich did not support the idea himself.

Rosneft and Transneft declined to comment. A source with Rosneft confirmed that the company has sent such a proposal to the government but did not give any details.

Sechin often lobbies the government directly to make decisions in favor of his company, which has grown into the world's top listed oil company by output since it was formed in 1993.

Russia, and Rosneft in particular, are ramping up oil supplies to Asia, with China outstripping Germany as Moscow's largest buyer of oil. Pipeline shipments totaled about 1.949 million tons in January and Rosneft plans to build a large petrochemical plant in Russia's Far East.

Transneft, headed by Nikolai Tokarev, usually uses money raised from oil and oil product shipping tariffs to finance new pipeline construction. In some cases, oil companies build new pipelines themselves when Transneft refuses to get involved.

Tokarev told reporters on Tuesday that Transneft plans to spend almost 2 trillion rubles (\$56 billion) in total on investments by 2020, including the ESPO expansion.

Russia wants to more than double ESPO capacity to 80 million tons a year — 1.6 million barrels per day — by 2020.

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