

Putin Signs Order Challenging Gazprom Pipeline Monopoly, Report Says

By [The Moscow Times](#)

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People attend the annual general meeting of shareholders of Gazprom company in Moscow.

President Vladimir Putin has signed an order that could reduce state energy giant Gazprom's dominance over gas exports by letting other companies use pipelines in Siberia and the Far East, Vedomosti reported Tuesday, citing a copy of the document.

Gazprom, which in May signed a \$400 billion deal to supply China with gas over 30 years starting in 2019, currently has a monopoly over the right to export gas from Russia via pipelines.

Fellow state-owned energy giant Rosneft is challenging that right, however. Rosneft, Russia's biggest oil producer, said earlier this month that it would take Gazprom to court if it denies Rosneft access to the planned Power of Siberia pipeline, which will link east Siberian gas production to China.

Gazprom CEO Alexei Miller said in May that his company had no plans to give other companies access to pipelines.

But his hand could be forced without the matter even reaching court. In early June, the presidential energy commission — which is effectively controlled by Rosneft CEO Igor Sechin, the commission's executive secretary and a close ally of Putin — drew up the order for the government to consider opening up exports from eastern gas fields for firms other than Gazprom and to let them participate in pipeline construction

The government must come to a conclusion on the issue by Sept. 1, the start of the State Duma's autumn session.

Putin recently signed the order, Vedomosti reported, citing two unidentified federal officials.

Rosneft representatives were unavailable to provide comments for Vedomosti, while Gazprom declined to comment on the report.

"We view this development as neutral for Rosneft, and negative for Gazprom, as this move may increase worries on the risk of challenging Gazprom's monopoly in its regular westbound direction," Alfa Bank said in a note, referring to Gazprom's gas sales to Europe.

Rosneft and Novatek, Russia's largest private gas producer, last year broke Gazprom's monopoly on shipping gas abroad by receiving permission to export liquefied natural gas. They did not get access to pipelines, however.

The newspaper also reported that the order gives the government and Central Bank until Sept. 1 to decide whether Gazprom should be recapitalized to finance the \$55 billion Power of Siberia pipeline project and to develop gas fields in the region, an idea floated by Putin last month.

Putin's suggestion has already met criticism in the government. Finance Minister Anton Siluanov said in June that loans from Chinese banks made such a step unnecessary, while Gazprom's CFO said higher tariffs and tax breaks would be a more suitable method of providing extra funding.

Material from The Moscow Times is included in this report.

See also:

[Gazprom Replaces Export Head with Deputy](#)

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