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Russia's Gazprom Plans $18 Billion Investment in 2015 Amid Pivot to China

By The Moscow Times

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Russia's Gazprom will invest 839.2 billion rubles ($18.1 billion) next year, the bulk for development of the Yamal Peninsula's natural gas deposits and also including research for a new gas pipeline route to China, the company said Thursday.

This is down from more than 1 trillion rubles earmarked for this year, a figure that had initially been set at 806 billion rubles.

Gazprom signed a memorandum at the weekend that it hopes will lead to shipments of an additional 30 billion cubic meters (bcm) of gas a year to China via the so-called western route.

The company also said it is ready to start construction of the undersea part of the South Stream gas pipeline via the Black Sea to Europe.

The pipeline, designed to carry 63 billion cubic meters of Russian gas to Europe after 2018,

has met stiff resistance from the European Union, which is trying to wean itself off its dependence on energy from Russia. Relations between the two have worsened sharply this year after Moscow's intervention in Ukraine led the EU to impose sanctions.

The EU has said the project violates its regulation on third-party access to pipelines.

Gazprom was banned from buying equipment for deep water, shale oil and Arctic offshore projects. But unlike many other Russian companies, it was not barred from Western capital markets.

Gazprom did not mention the impact of sanctions on Thursday.

Last month, the Russian company said that foreign banks' caution about Western sanctions means financing of the South Stream gas pipeline project has been slightly delayed.

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