The Moscow Times
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France's Total Wants $15 Billion From China to Fund Russian Gas Project

By The Moscow Times

March 23, 2015



The Yamal LNG facility has been expanding on the icy Yamal Peninsula.

French oil giant Total is seeking up to $15 billion in Chinese financing for a major Russian energy project after U.S. sanctions on Moscow blocked access to dollar funding, chief executive Patrick Pouyanne told The Wall Street Journal on Monday.

Pouyanne said Chinese lenders could grant the company the equivalent of $10 billion to $15 billion in euros and yuan to fund Yamal LNG, a $27 billion liquefied natural gas mega project in Russia's Arctic.

"It's not an easy task, to be clear. We would have preferred to do it with dollars," he said, adding that Chinese financial institutions showed a "strong willingness to build the project financing."

U.S. sanctions on Russia over Moscow's actions in Ukraine effectively barred Yamal LNG

from borrowing in dollars, prompting the project's shareholders — Total, Russia's Novatek and China's CNPC — to look to Chinese capital.

Pouyanne said he hoped to do a deal by the middle of this year.

"There is a commitment there," he said. "It's a question then of conditions and we are working on that."

He did not name the Chinese lenders involved in negotiations.

Yamal will have a capacity of 16.5 million metric tons a year of LNG when complete, much of which is destined for the Chinese market.

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