

Russia's Gazprom to Invest \$9 Billion in Gas Pipeline to China Over 3 Years

By [The Moscow Times](#)

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Gazprom will invest 480 billion rubles (\$8.8 billion) through 2017 in a giant gas pipeline to China, an executive at the state-owned gas company said Thursday, news agency RIA Novosti reported.

The 4,000-kilometer pipeline, called the "Power of Siberia," will carry Russian gas to China under a 30-year gas supply contract worth some \$400 billion signed last May.

The deal, which was signed just two months after Russia annexed Crimea from Ukraine, was widely touted as evidence of a push by Moscow to boost relations with Asia as ties with the West soured.

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and 250 billion rubles in 2017, RIA quoted Gazprom deputy chief executive Andrei Kruglov as saying.

Construction of the Russian half of the pipeline began in May, and Gazprom said earlier this month that construction on the Chinese side had begun.

Russian officials have said the huge pipeline project will help spur capital investment and economic output, both of which have fallen sharply this year as Russia descends into recession.

Kruglov's figure is significantly less than earlier quoted costs.

Gazprom in April said the pipeline would cost almost 800 billion rubles (\$14.5 billion). Following the signing of the agreement last year, Kremlin Chief of Staff Sergei Ivanov estimated the total cost of infrastructure needed under the supply deal at \$50-70 billion.

RIA also quoted a different Gazprom executive as saying that the company was planning to build gas storage facilities in China.

"We need to have underground gas storage facilities closer to the final consumer," said Oleg Aksyutin, a member of Gazprom's management committee.

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