

Putin Fails to Snag Major Project Financing During China Visit

By [The Moscow Times](#)

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Russia's President Vladimir Putin (front, R) and Chinese President Xi Jinping (front, L) arrive for a gala show to mark the 70th anniversary of the end of World War II, in Beijing, China, Sept. 3, 2015.

President Vladimir Putin's visit to China produced a clutch of new deals on Thursday, but failed to secure funding for vital infrastructure projects, underscoring the limits to a relationship Moscow casts as a counterweight to the West.

Increasingly isolated because of its actions in Ukraine, the Kremlin has talked up ties with China, where it hopes to access capital denied to it elsewhere at a time when its economy and currency are being battered by low oil prices.

Putin, accompanied by a high-level delegation, watched China stage a huge military parade in Beijing to mark victory over Japan in World War II. He also held meetings with the Chinese prime minister and president.

His visit resulted in a flurry of new agreements in sectors from banking to telecoms. Igor Sechin, one of Putin's close allies, said the deals had a combined investment potential of around \$30 billion.

But with joint Russia-China projects worth around \$113 billion stalled or delayed it was what was not agreed that stood out.

Novatek, Russia's biggest independent producer of natural gas, did not secure Chinese financing to help it build the \$27 billion Yamal LNG project, something it is working on with France's Total and China's CNPC.

Co-owned by billionaire Gennady Timchenko, one of Putin's closest friends, Novatek was shut out from Western financing when the United States imposed sanctions on Timchenko.

Timchenko has previously said China would lend up to \$20 billion to the project. But the money has yet to be disbursed, while the sum in question has shrunk to \$15 billion.

There was no breakthrough either for energy behemoth Gazprom, which has been reported to be seeking Chinese funding for a gas pipeline to China via Russia's Altai region.

All Alexei Miller, Gazprom's chief executive, said on Thursday was that he expected to sign a deal on the project in spring 2016.

Industry sources and analysts have told Reuters they believe falling oil prices and Russia's collapsing currency coupled with China's own economic problems and a corruption clampdown there mean some projects may be delayed indefinitely.

Russian news agencies quoted the director of the Department of Eurasian Affairs at the Chinese Ministry of Commerce, Ling Ji, as saying in August that weak oil prices had complicated talks over the Altai gas project and that the ruble's volatility was generally bringing extra risks to Russia-China cooperation.

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