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Cost of Russia's 'Power of Siberia' Gas Pipeline to China Balloons to $9.7 Bln

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Valery Sharifulin / TASS

The cost of Russian gas monopoly Gazprom's pipeline project to China has reportedly ballooned to $9.7 billion.

Russia is eager to boost oil and gas sales to its fast-growing neighbor and reduce its dependence on European clients. Already China's biggest oil supplier, Russia aims to start natural gas sales via the Gazprom-built Power of Siberia pipeline by December 2019.

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Since 2015, the cost of the project's construction contracts jumped from 450 billion rubles ($7.8 billion) to 554 billion rubles ($9.7 billion), according to a report by Interfax published on Monday.

Interfax reports that the deadline for most of the pipeline's contracts have shifted from mid-2018 to late 2019.

Gazprom's press office clarified that the initial contracts laid out preliminary costs that were later revised.

"It is subject to annual updates proceeding from the deflator index and the actual volume of the work performed," the office said in comments to the RBC business portal Tuesday.

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