

Gazprom in Talks on LNG Project With Japanese Firms

By [The Moscow Times](#)

April 14, 2013

The  **Moscow Times**

Japanese companies Itochu and JGC may become Gazprom's partners in a project to build a liquefied natural gas plant in Vladivostok, a news report said Monday.

A Gazprom executive confirmed the report, Vedomosti said.

Meanwhile, a source with Itochu said JGC and Itochu had been considering forming a consortium for partnership with the gas giant.

He said other Japanese companies might also take part in the project.

As reported earlier, Mitsui, Mitsubishi and the Japan Far East Gas consortium, which consists of Itochu, Japex, Marubeni, Inpex and Cieco, may participate in the project.

Mitsui and Mitsubishi already have experience working in Russia, as both companies own stakes in Sakhalin Energy, the operator in the Sakhalin-2 oil and gas project.

A Gazprom executive said the company would hold no less than a controlling stake in the project.

Gazprom CEO Alexei Miller is to meet with representatives of local companies in Japan on Wednesday to discuss possible cooperation within the framework of the Vladivostok-SPG project, the executive said.

Both Gazprom and JGC declined to comment.

The Vladivostok plant is designed to produce 15 million tons of liquefied natural gas per year.

The launch of the project's first stage is planned for 2018.

Last year, Miller estimated that the cost of the plant's first two stages would be 220 billion rubles (\$7.1 billion).

Valery Nesterov, a Sberbank CIB analyst, says large-scale projects such as Vladivostok-SPG are often carried out in the form of partnerships, which allow the distribution risks between the participants.

UBS analyst Maxim Moshkov says foreign investors may contribute up to half of all investments in the project.

Getting Japanese companies involved is a logical thing to do, because the country is the world's biggest consumer of LNG, Moshkov said.

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