

Putin Says Russia Can Find Niche in Asian Gas Market

By [The Moscow Times](#)

July 17, 2013

The  **Moscow Times**

CHITA — Russia has every chance of securing a place in the Asian gas market even while competition there is on the rise, President Vladimir Putin said, underlining Moscow's shift in energy policy towards Asia.

"We are thinking about entering the promising market in the Asia-Pacific region. We should find our niche here; we have every chance of doing that," Putin told journalists Wednesday in the Far Eastern town of Chita.

Putin said there was room for Russia on the Asian market despite shipments of liquefied natural gas (LNG) from the Middle East and new supplies from Australia.

"The Asia-Pacific region is developing rapidly. Its consumption is growing rapidly, and Russia can play a prominent role," Putin said during a tour of the Far East and East Siberia to oversee military exercises and show its energy potential.

The Kremlin sees the energy industry as central to economic development of Russia's remote eastern region, driving job growth and construction of infrastructure as state-controlled companies Rosneft and Gazprom tap new fields to supply Asia.

Rosneft last month agreed a \$270 billion deal to increase oil supplies to China to nearly a million barrels per day, but success on the gas front has been slim, despite repeated pleas from the Kremlin to get an eastern gas business up and running.

Vedomosti reported Wednesday that Gazprom had already tendered to buy pipe to build the Power of Siberia pipeline at an estimated cost of \$38 billion, which will carry gas to Russia's Pacific coast to feed a new liquefaction plant at Vladivostok.

A Gazprom spokesman declined immediate comment.

Analysts see the pipeline and the development of fields to feed it, which will add tens of billions of dollars to the overall cost of bringing eastern gas resources to market, as a risky venture unless there is a major contract with China to underpin it.

Gazprom has watched as China, keen to burn more gas and cut reliance on coal, has agreed to buy gas supplies for years ahead from its rivals.

Gazprom Chief Executive Alexei Miller said last month a deal could be done by September, but talks with China have taken place for 15 years so far without producing agreement, hung up mostly over price.

Gazprom's export chief said in an interview last month that Miller's remark reflected a wish that "thinking made it so". He also dismissed news of an apparent accommodation by China, a prepayment deal to finance the pipeline, saying there was no agreement on it.

Responding to the delay, the Kremlin has launched a debate over Gazprom's de facto monopoly right to export LNG, hoping that independent gas producers might stake out a share of the Asian market for Russia.

With prospects that independent company Novatek could gain rights to export LNG, China National Petroleum Corp. has agreed to buy a stake in Novatek's Yamal LNG plant.

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