

# Gazprom Takes Over Kyrgyz National Gas Network for \$1

By [The Moscow Times](#)

July 28, 2013

**The**  **Moscow Times**

MOSCOW/BISHKEK — Gazprom has paid \$1 to take over Kyrgyzstan's natural gas network and pledged to invest billions of rubles to upgrade its gas infrastructure and ensure stable supply, Russian and Kyrgyz government officials said.

Natural gas supplies to the impoverished mountainous nation of 5.5 million were repeatedly interrupted during the past winter due to its mounting unpaid bills to Kazakhstan and Uzbekistan.

The energy shortages caused widespread popular discontent with the government of the mainly Muslim country, where two presidents have been deposed by violent revolts since 2005.

A senior source at Russia's Energy Ministry said the deal on Gazprom's takeover of Kyrgyzstan's natural gas network was signed Friday afternoon.

"Gazprom will acquire [state gas company] Kyrgyzgaz for a symbolic \$1," he said on condition of anonymity.

"It will buy its subsidiary under a scheme designed for protection from possible opposition from minority shareholders. Gazprom will invest 20 billion rubles (\$609 million) in the first five years."

The 25-year agreement, posted on a Russian government website, stipulates that Gazprom, the country's gas export monopoly, will guarantee the development and upgrade of Kyrgyzstan's gas equipment and pipelines as well as uninterrupted supplies of gas to local consumers.

A Kyrgyz official moved to dispel allegations by some nationalist opposition activists that the deal with Gazprom means heavier dependence on Russia.

"There should be no such concerns," said Alibek Stambekov, deputy chief of the energy sector and subsoil use department at the Kyrgyz government.

"One should not be talking about losing energy independence, but rather about boosting [energy] security and partnership. The arrival of Gazprom here means uninterrupted gas supplies."

In taking over Kryrgyzgaz, Gazprom will also assume its debts of about \$40 million, Kyrgyz officials said. They also expected Moscow's energy giant to broker lower tariffs for gas bought from Kazakhstan and Uzbekistan.

Russia, which like the U.S. holds a military air base in Kyrgyzstan, has repeatedly stated an intention to strengthen the economic foothold in the country, which borders China.

Last September, Russia agreed to write off nearly \$500 million of Kyrgyz debt in exchange for a package of hydropower projects in Kyrgyzstan and a 15-year extension of the lease for the Russian military base.

Kyrgyzstan's parliament last month gave the U.S. until July next year to shut its air force base, used to ferry U.S. personnel and cargo in and out of Afghanistan.

Minority shareholders in Kyrgyzgaz, who together hold 6.36 percent, include individuals and companies that bought shares for privatization vouchers. The company has not paid them dividends for years.

Original url:

<https://www.themoscowtimes.com/2013/07/28/gazprom-takes-over-kyrgyz-national-gas-network-for-1-a26237>