
Russia : Economic News

GAZPROM SIGNS CONTRACT ON ALGERIAN HYDROCARBON FIELD DEVELOPMENT

/JAN 19/RIA Novosti

Russian energy giant Gazprom has signed a contract on exploring and developing a hydrocarbon deposit in eastern Algeria, the Algerian newspaper El Watan reported on Monday.

On December 13, Gazprom was announced the winner of a hydrocarbon exploration and development tender for the onshore El Assel area, located in Algeria's Berkine Basin.

Gazprom, which received a 49% stake in the project, intends to invest about \$120 million in geological exploration and drill four exploratory wells. The recoverable oil reserves of the El Assel deposit have been estimated at 30 million metric tons (220 million barrels).

Algeria's proven natural gas reserves stand at 4.58 trillion cubic meters, the second largest in Africa after Nigeria (5.15 trillion cubic meters). The country's natural gas reserves are largely located in central and eastern Algeria.

Algeria's proven oil reserves amount to 1.58 billion metric tons (11.6 billion barrels), the third largest in Africa after Libya and Nigeria.

NAFTOGAZ CHIEF AUTHORIZED TO SIGN GAS CONTRACTS WITH RUSSIA

/JAN 19/RIA Novosti/

The Ukrainian delegation to Moscow led by Naftogaz CEO Oleh Dubyna is fully authorized to sign contracts for Russian gas supplies in 2009, a Ukrainian presidential commissioner for energy security said on Monday.

Dubyna is expected to sign a 2009 gas contract with Alexei Miller, CEO of Russian energy giant Gazprom, in Moscow later Monday in the presence of the two countries' premiers.

"The Ukrainian delegation led by Oleh Dubyna, chairman of the Naftogaz board, has been given instructions and the power under Ukrainian law to hold talks and sign contracts," Bohdan Sokolovskiy was quoted as saying by the Ukrainian president's press service.

The prime ministers of Russia and Ukraine agreed Sunday in Moscow on a 2009 gas price for Ukraine and gas transit tariffs. The deal would see Kiev paying 20% less than the European market price, expected to be around \$450 per 1,000 cubic meters in the first quarter.

Under the agreement, Kiev will not increase the current transit fees it receives for Russian gas. Natural gas supplies to Europe are expected to be resumed after the deal is signed.

Russian Prime Minister Vladimir Putin called on the European Commission on Monday to push for the legal registration of the agreements with Ukraine, the premier's spokesman said.

Dmitry Peskov said Putin made the request earlier in the day during a telephone conversation with European Commission President Jose Manuel Barroso.

Ukraine paid \$179.5 per 1,000 cubic meters of gas in 2008. Gazprom had insisted on a market price of \$450 for 2009.

Russia suspended supplies to Ukraine on January 1 after the former Soviet neighbors failed to agree on debt and prices for 2009. A week later, Gazprom cut off gas supplies to the European Union, saying Ukraine was stealing gas intended for EU consumers, an accusation Kiev denied.

Following mediation by the EU, the two sides signed a deal a week ago to resume supplies, but deliveries did not restart, with each side blaming the other for the lack of progress. Almost 20 countries in Europe have been affected by the dispute. The EU has called the cut in supplies "completely unacceptable."

RUSSIAN GAS SUPPLIES TO EU TO RESUME WITHIN HOURS - UKRAINIAN PM

/JAN 19/RIA Novosti/

Russian gas supplies to Europe via Ukraine would resume "in the next few hours," the country's prime minister, Yulia Tymoshenko, said on Monday.

"Today we brought the gas crisis to an end," she said.

"All the contracts have been signed, including those concerning gas transit," Tymoshenko said. "We expect the Russian side to begin gas supplies to the EU in the next few hours."

She added that Russia would pay \$1.7 per 1,000 cubic meters for each 100 kilometers of transit.

Under the deal signed in Moscow on Monday, Ukraine will have a special price for technical gas it needed to pump exports through its pipelines.

The prime minister reiterated that her country had not siphoned off Russian gas intended for Europe nor hampered gas supplies via its territory.

"Ukraine has all the necessary evidence to confirm this," she said.

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RUSSIA, UKRAINE SIGN CONTRACT ON GAS SUPPLIES FOR 2009-2019

/JAN 19/RIA Novosti:

Russian energy giant Gazprom and Ukrainian energy company Naftogaz signed on Monday a contract on Russian gas supplies to Ukraine for 2009-2019.

Russian Prime Minister Vladimir Putin said Moscow and Kiev had reached agreement on all issues of gas transit and supplies.

He added that there would be no intermediaries in Russian-Ukrainian gas relations.

Putin said Gazprom had been ordered to restart full natural gas transit to Europe via Ukraine.

Putin and his Ukrainian counterpart, Yulia Tymoshenko, agreed Sunday in Moscow on a gas price for Ukraine for 2009 and gas transit tariffs. The deal would see Kiev paying 20% less than the European market price, expected to be around \$450 per 1,000 cubic meters in the first quarter. Ukraine paid \$179.5 per 1,000 cubic meters of gas in 2008. Gazprom had insisted on a market price of \$450 for 2009.

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RUSSIA MAY BUILD BELARUS NUCLEAR PLANT WITHOUT TENDER - ROSATOM

/JAN 21/RIA Novosti/

Russia will be able to build a nuclear power plant in Belarus without a tender once the two ex-Soviet republics sign an inter-governmental agreement on civilian nuclear power use, Russia's Rosatom said Wednesday. Russia and Belarus agreed to sign the inter-governmental agreement in the first quarter of 2009 during talks on Wednesday between the Belarusian government and a Rosatom delegation.

"The signing of this agreement opens up the possibility for the parties to switch to direct negotiations on a contract for the construction of the first Belarusian nuclear power plant on a turnkey basis," Rosatom said. Belarus plans to build a nuclear power plant with a capacity of 2,000 MW, with the first unit to come online in 2016 and the second in 2018. The plant is expected to have Generation III water-moderated reactors. Belarus earlier announced a tender for the plant and sent invitations to Rosatom, French-German firm Areva, and U.S.-Japanese company Westinghouse-Toshiba to participate in the tender. Rosatom and Areva eventually confirmed their intention to participate, while no official response was received from Westinghouse.

TURKEY TO SCRAP TENDER FOR NUCLEAR POWER PLANT - PAPER

/JAN 21/RIA Novosti/

The Turkish government is likely to cancel a tender for the construction of the country's first nuclear power plant by rejecting a bid from a Russian reactor builder, a Turkish paper said on Wednesday.

Atomstroyexport, acting through a consortium with Russian power producer Inter RAO UES and Turkey's Park Teknik, is competing in a tender to build four nuclear reactors with a capacity of 1,200 MW each in Turkey.

According to the Milliyet newspaper, the Turkish side is dissatisfied with the high price of electricity generation offered by Atomstroyexport.

Last Monday, the Turkish energy company Tetas opened an envelope containing Atomstroyexport's bid, which offered a rate of 21.16 U.S. cents per kW/hr of electricity generation. It was also announced at the time that Atomstroyexport had submitted an adjusted bid, taking into account the current global financial crisis. However, the bid was returned to the Russian company, the paper said.

The tender will now almost certainly be scrapped. In this case, new tenders for the construction of the nuclear power plant will be held, the paper said.

According to the paper, initially about 10 international companies had displayed an interest in the tender, which had earlier been cancelled four times. But the terms of the tender eliminated all the bidders, except for the Russian-Turkish consortium, the paper said.

The Turkish authorities are planning to build the country's first nuclear power plant at Akkuyu, on the coast of the Mediterranean Sea. By 2016, three nuclear power plants with total capacity of about 5,000 MW and worth a total of \$7-8 billion are expected to appear in Turkey. The nuclear power plants are expected to use heavy-water reactors.

UKRAINE PAYING FAIR PRICE FOR RUSSIAN GAS - TYMOSHENKO

/JAN 22/RIA Novosti/

The gas price of \$450 per 1,000 cubic meters with a 20% discount agreed between Moscow and Kiev for 2009 is fair, Ukrainian Prime Minister Yulia Tymoshenko said on Thursday.

"This is the average price, at which [Russian energy giant] Gazprom sells gas to all its consumers from January 1, 2009," Tymoshenko said when asked why the contract stipulated a price of \$450 even though some European countries were paying less for their gas.

Ukrainian officials including Tymoshenko have said they expect the price to come down later in the year.

Gazprom and Ukrainian energy company Naftogaz finally signed on Monday a contract on Russian gas supplies to Ukraine for 2009-2019. The first gas started to flow on Tuesday.

Ukraine will hold negotiations with Russia to try to agree on a discount for Russian gas in 2010, Tymoshenko said.

"We were given a discount of 20% off the formula price in 2009. The formula price will be calculated in 2010 and we will hold negotiations on a concessional price," Tymoshenko said.

RUSSIAN OIL CONSORTIUM IN VENEZUELA TO EXPAND TO CUBA

/JAN 23/RIA Novosti/

A Russian national oil consortium created to run oil projects in Venezuela will also cooperate with Cuba's state-run oil company Cubapetroleo, a memorandum signed between the two companies stated on Friday.

The deal was signed in the presence of Russian Deputy Prime Minister Igor Sechin and Vice President of the Cuban Council of Ministers Ricardo Cabrisas.

The oil and gas consortium of Russian companies to work in Venezuela, which was formed on October 8, 2008, includes Gazprom, Rosneft, TNK-BP, Surgutneftegaz and LUKoil.

The consortium of Russian companies is operated by Gazprom, while control of the Russian-Venezuelan oil and gas alliance is exercised by Venezuela's state-controlled Petroleos de Venezuela S.A. (PDVSA).

Oil to be produced by the consortium will be exported to the United States, China and Europe.

Cubapetroleo announced in October last year that Cuba may have more than 20 billion barrels of oil in its offshore fields. Cuba currently produces 60,000 barrels of oil per day.

Turkey possible winner in Russia-Ukraine gas dispute- expert

/JAN 24/RIA Novosti/

A Ukrainian energy expert said Russia came out on top in the recent gas dispute with Ukraine but believes that Turkey could prove to be the outright winner as the EU seeks alternative gas routes.

Russia's gas monopoly Gazprom and Ukrainian energy company Naftogaz signed on Monday a long-awaited contract on gas supplies to Ukraine following a dispute which saw gas deliveries to Europe cut off. The EU called the situation "incredible and unacceptable" and said EU companies could sue Russia and Ukraine if supplies were not restored.

"Today's tactical advantage could actually result in a loss of Russia's strategic national interests. Indeed let's see what conclusions Europe makes," Alexander Narbut, an independent Ukrainian energy expert, said on Friday at an energy round-table in Ukraine.

Narbut said that he believes the real winner could turn out to be Turkey, "Soon we'll find out whether the Nabucco project moves from the dormant phase to the more active," and in any case, he added, the current circumstances mean that Turkey may receive not only economic but geopolitical priority.

The Nabucco pipeline project is being touted as the best option for reducing Europe's dependence on Russian gas. The pipeline is expected to link energy-rich Central Asia to Europe through Turkey, Bulgaria, Hungary and Austria and has been tentatively scheduled to begin in 2010.

However, some energy observers say the pipeline, which will cost an estimated \$7-8 billion, could hit difficulties if Turkmenistan, a major gas producer in Central Asia, refuses to support the project.

Moscow is also developing alternative transit routes with construction of the Nord Stream pipeline, a joint project with Germany to pump gas from Siberia to Europe under the Baltic Sea, and the South Stream pipe which will bring gas to the Balkans and onto Europe.

Narbut was scathing about the role played by Ukrainian politicians in the gas row and said that the political infighting could cost the country dearly in the future, "The president [Viktor Yushchenko] and premier [Yulia Tymoshenko] didn't try at these negotiations even to call a truce, or it might have worked out differently."

Under the current price agreement for Russian gas Ukraine will pay \$450 per 1,000 cubic meters with a 20% discount agreed between Moscow and Kiev for 2009. Last year Ukraine paid \$179.5. The transit tariff paid by Russia remains unchanged.

Narbut said the new gas deal proves that there is "little understanding of how much it could cost the Ukrainian economy. The losses for Ukraine at the lowest annual transit rate are \$3.5 billion."

"The fact that the gas transport system will remain in Ukrainian hands means nothing. We understand that at such a pricing level for gas Ukrainian industry will lose its competitiveness, not to mention the other consequences of this failure," the Ukrainian energy expert said.

'BARACK OBAMA COULD VISIT RUSSIA IN APRIL'

/JAN 25/sify.com - India/

Moscow: US President Barack Obama could pay a visit to Moscow in April, a Russian business daily said on Thursday.

Obama was sworn in on Tuesday as the 44th President of the US. He became the country's first African-American head of state.

According to a source close to the US State Department quoted by Kommersant, Obama will set off for his first European tour in April and is to visit London on April 2 to participate in the G20 summit, and meet for the first time with his Russian counterpart Dmitry Medvedev.

'Obama to order Guantanamo closed today' Obama will then attend a NATO summit on April 3-4 in Strasbourg, France and Kehl, Germany to mark the 60th anniversary of the military alliance.

The source said Obama could fly to Moscow after the summit. The previous US President George Bush flew to Russia's Black Sea resort of Sochi after last year's NATO summit in Bucharest.

He said US Secretary of State Hillary Clinton was likely to visit Russia in March before Obama's trip to Moscow. The Russian foreign ministry said the date of Clinton's visit had not yet been agreed on.

A source in the Russian Presidential administration said that no official information on Obama's possible visit to Moscow had been received.

Obama: World's new hope President Medvedev earlier said he hoped the United States would develop constructive relations with Moscow under Obama.

Russia-US relations have been frayed in recent years by Washington's plans to deploy elements of a missile shield to Central Europe, Russia's five-day war with Georgia over South Ossetia last August, and NATO's eastward expansion.

