

Russia, China sign oil deal, start new pipeline branch

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Russia and China signed an intergovernmental agreement on oil cooperation in Beijing on Tuesday, under which a new branch from the East Siberia-Pacific Ocean (ESPO) pipeline will be built toward China.

The agreement sets out terms for oil cooperation between the countries, in particular on the laying of a pipeline from the Skovorodino refinery in Russia's Far East to Mohe County in China's Heilongjiang province. Under the deal, the pipeline must be completed by the end of next year.

After signing the deal, Russian Deputy Prime Minister Igor Sechin, who chairs the state oil company Rosneft, said the agreement "creates a new foundation for developing our energy cooperation."

"This is a unique agreement of a long-term nature, which is accompanied by financial agreements, and to implement it we have already begun building a branch from the main pipeline toward China," he said.

Vice Premier Wang Qishan, who signed the deal on behalf of China, said the deal brings into force "a packet of agreements and contracts on building the pipeline, buying and selling crude, and providing of credit between the companies of our two countries, which represents a significant breakthrough in bilateral energy relations."

The Skovorodino-Mohe pipeline will pass under the Amur River, and will have throughput capacity of 15 million metric tons of oil per year. The pipeline is part of Russian efforts to diversify export routes from Western and East Siberia.

The deal was signed after the fourth round of Russian Chinese energy dialogue meetings.

Under the intergovernmental deal, China agreed to provide \$25 billion in loans to Rosneft and pipeline operator Transneft.

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