

Exclusive: Russia to boost LNG output fivefold to supply Asia

Utilizing the Arctic, Moscow eyes 20% global market share, energy minister says.

MOSCOW – Russia aims to increase its liquefied natural gas output about fivefold by 2035 to capture about 20% of the global market.

The country envisions up to 70% of its LNG exports by then going to the Asia-Pacific region, through the Arctic Ocean shipping route.

Energy Minister Alexander Novak told Nikkei in Moscow that Russia's government intends to strengthen its cooperation with Japan in terms of funding and technology for the LNG and related sectors.

Japanese Prime Minister Shinzo Abe and Russian President Vladimir Putin are expected to discuss economic cooperation in areas including energy when they meet in Osaka on June 29 on the sidelines of the G-20 summit. The leaders will also discuss a peace treaty and other matters between the countries.

Novak could join Putin's delegation.

Russia's current LNG output is about 28 million tons a year. This combines output from the Sakhalin-2 project, in which Japanese general traders Mitsui & Co. and Mitsubishi Corp. participate, and the Yamal LNG project in Arctic Russia.

✘ Russian Energy Minister Alexander Novak told Nikkei that Russia aims to increase its LNG output about fivefold by 2035. The plan is to raise the total, which now represents around

6% of global demand, to between 120 million tons and 140 tons by 2035, according to Novak.

Qatar and Australia each accounted for over 20% of the global LNG market in 2018. Russia's goal is to rival these producers as well as the United States in LNG output.

Novak said the Asia-Pacific region is home to some of the world's biggest LNG markets, and that Russia expects to boost exports to Japan, China, India, South Korea and Vietnam.

Russia also exports LNG to Europe but has hastened the introduction of a planned Arctic Ocean shipping route so that 60% to 70% of its exports will go to Asia-Pacific, Novak said.

Russia hopes to attract Japanese technology, loans and investments to its LNG sector, Novak said, adding that Moscow welcomes foreign partners, including Japan.

He also expressed hope that final-stage negotiations between Russia's Novatek and Japanese companies, including Mitsui, regarding investments in the Arctic LNG 2 project will soon come to fruition.

Russia's annexation of Crimea in 2014 triggered sanctions from the West. Novak said there is a possibility that the sanctions could apply to the LNG deals. He added that Russia will consider procuring funds in currencies other than the dollar as a way to maneuver around the sanctions.