

Gazprom's Biggest Contract: EU's losing Russia's East Siberian Gas to China is a Historical Failure

By The Voice of Russia

Global Research, May 22, 2014

The gas supply contract with China is absolutely unprecedented, worth \$400 billion over 30 years. "This is Gazprom's biggest contract. A contract like this has never been signed with any company," Russian gas giant Gazprom's CEO Alexei Miller noted.

Radio VR spoke about the long-awaited gas deal between China and Russia in greater details with Dmitriy Babich, VR's political analyst:

Do you agree that this is a historical breakthrough or this news is a bit exaggerated?

It is a historic failure for the EU and also, partially, for the US, because to lose Russia's east Siberian gas to China, it is a historical failure. The EU knew that Putin would be going to China. So, instead of fighting for the Russian gas, which is very important for the European economy, they created a conflict out of nothing, out of Mr. Yanukovych's desire to postpone the signing of the association agreement with the EU.

And now it looks like the east Siberian Russian gas is lost for Europe. If the relations between Russia and the EU have been good, it would have been much cheaper to transport that gas to Europe, because historically Russia's export infrastructure is geared to Europe. Instead, they managed to alienate Russia and despite a pretty low price, which China offered initially, Russia still managed to clench that deal.

Obviously, it was important to sign it for political reasons right now. That's why the deal was finalized at about 4 o'clock in the morning. And I'm afraid that this gas is also lost to Japan and the US, because it looks like most of the gas available from the Russian east Siberian gas fields, it is already contracted by China.

Can we also say that Russia lost money in order to get some political benefits?

It depends on what you mean by money. It is quite clear that when a certain entity, in this case the EU, for decades speaks about the need not to buy your gas...

But they still do it.

They do it because they can't do without our gas right now. But let's face it, I've been reading the European newspapers for 25 years and for at least 18 years I have been reading about the best ways to hurt Russians by not buying their gas. So, when you have this situation, it is quite natural that you look for an alternative customer. And in that sense I think Russia is buying itself security.

On the other hand, I don't see any objective reason why Europe would need to create this sort of situation. Culturally, politically and even spiritually Russia could have a much more closer relationship with the western Europe and central Europe than with China. Russia is still part of Europe whatever the liars in the Western press say. And the infrastructure has traditionally been geared to Europe, since the times of Peter the Great or maybe even earlier.

So, basically the EU managed to lose having all the trumps in its hands. That is a historical missed achievement.

Although you said that Europe lost the Russian gas, I cannot understand why it's lost it, because do we have enough gas for everyone for the moment? Why do we talk about losing it?

Because Europe will need more and more gas in the future. They may get some gas from the US. The US extracts by fracking, but no one knows all the dangers connected to fracking. Maybe, it will be stopped for ecological reasons.

Europe right now is very concerned about ecology. They want to get rid of nuclear energy, at least in Germany. So, they may need gas in future. So, if they had conducted a different policy, they could easily make Russia use them as the only destination. And they didn't do it.

And the other thing that probably will enter the textbooks of diplomacy as a huge stupidity was slapping sanctions of the head of Russia's biggest oil and gas company Igor Sechin weeks before he goes to China.

So, the timing was a bit wrong.

Not a bit, but I think it is unprecedented in history. Also, Mr. Obama making a tour over the Pacific and reassuring all of China's adversaries from Philippines to Japan on the eve of Putin's visit to Beijing. In that way Obama sort of pushed China towards Russia.

And vice versa.

And Obama created a unique situation. Usually in this triangle – the US, China and Russia – every pole wants the other two to quarrel and, at the same time, every pole wants to cooperate with the other two.

To keep some balance.

Exactly! So, Richard Nixon managed to cut a deal with the Stalinist leader Mao Zedong and at that time it was like Russia against China and the US. Mr. Obama managed to do the opposite in a matter of a week. Now it is Russia and China against the US. A huge stupidity of the American foreign policy.