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STATE GUARANTEES ON PIPELINE TO JAPAN 'INAPPROPRIATE': PUTIN

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Russia considers it "inappropriate" to offer state guarantees sought by Japan on the Siberia-Pacific pipeline project, Russian President Vladimir Putin said here late Saturday.

"The Japanese want an inter-governmental accord, while we consider this to be a commercial project. It is inappropriate to give state guarantees," the Russian leader told a news conference on the sidelines of the G-8 summit he is presiding over in Saint-Petersburg.

Putin confirmed during a visit to Tokyo last November that Japan would have access to central Siberia's oil resources by way of the future pipeline.

Japan hopes to clinch a deal with Moscow over the early construction of the pipeline, slated to run to the coast of the Sea of Japan, to beat its powerful rival China and become chief beneficiary of the 4,118-kilometer pipeline.

Tokyo battled long and hard before obtaining Moscow's agreement in 2004 to bring oil to the port on Nakhodka in Russia's Pacific Far East -- a longer and more expensive route but potentially more profitable than the alternative offered by Beijing which would take the pipeline to Daqing in north-east China.

Japan is due to meet half of the construction costs, estimated at 16 billion dollars.

However, in April 2005 Tokyo threatened to cut off all aid to the project, having learned of Russia's plans to build a branch to China before completing the Nakhodka route.