

Natural gas

Russia and China sign deal to build new gas pipeline in Siberia

Agreement signals increasingly close partnership between Moscow and Beijing



Russian President Vladimir Putin, left, and his Chinese counterpart Xi Jinping in Beijing on Tuesday © Alexander Kazakov/Reuters

Joe Leahy in Beijing, **Anastasia Stognei** in Berlin, **Malcolm Moore** in London and **Kathrin Hille** in Taipei

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China and Russia have signed an agreement to build the Power of Siberia 2 pipeline, a gas project that could reshape global energy flows as both countries seek to outline an alternative to Donald Trump's US-led global order.

Russia announced the deal as President Vladimir Putin met with his Chinese counterpart [Xi Jinping](#) in Beijing on Tuesday. Russia's pipeline gas monopoly Gazprom said the two sides had signed a legally binding "memorandum of construction" on the long-awaited pipeline.

However, the document covers general terms while lacking details on pricing, the main stumbling block in the negotiations for years. China did not immediately comment.

Moscow and Beijing also signed “commercial agreements” to increase supplies through existing routes by 8 bcm, with the aim of bringing total annual flows to 56 bcm before the new pipeline was built, said Miller.

The commercial details of Power of Siberia 2 that are yet to be agreed will prove crucial for Russia as its energy revenues decline and Gazprom struggles to stay afloat.

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Vladimir Putin shakes hands with Xi Jinping in Beijing © Reuters

The Russian announcement was “a bit premature”, said Victor Gao, chair of the China Energy Security Institute. “This may be more [a signal] of their intent, rather than an agreement already reached,” he added.

Alexander Gabuev, director of the Carnegie Russia Eurasia Center in Berlin and a China expert, said the expansion of the existing pipelines appeared to be “a real deal,” but that with the PS2 agreement, China was in effect signalling “yes, we’re interested, we accept the route through Mongolia — but let’s talk about price and terms”.

But he added: “A legally binding memorandum without a price or timeline is not a final agreement.”

Russia is already the largest supplier of pipeline gas and the third-largest provider of LNG to China after Australia and Qatar. The new pipeline would sharply increase

China’s annual gas supply from its north-east neighbour to 100 bcm, from Russia’s 100 bcm

China's energy purchases from its neighbour and help compensate for Russia's loss of markets in Europe after it invaded Ukraine.



Putin stressed that his “close communication” with Xi “reflects the strategic nature of Russian-Chinese ties, which are at an unprecedentedly high level”, Tass reported.

The Chinese and Russian leaders will observe a military procession on Wednesday commemorating the 80th anniversary of Japan’s defeat in the second world war.

The meeting with Putin is part of a [week of extensive diplomacy](#) for China’s President Xi, who is hosting a score of world leaders for the Shanghai Cooperation Organization security conference in Tianjin as he aims to present Beijing as a reliable alternative to the US-led global order.

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