**PROSPECT FOR DEVELOPMENT OF THE RUSSIAN LNG MARKET**

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**Overview**

Last few years at the world gas market has shown interest to liquefied gas. Perfecting technologies are resulting in reduced cost of production and transportation of LNG. Liquefied natural gas is becoming a real competitor for pipeline gas.

LNG demand is growing as offshore production development and the distance from places of production to markets is increasing. Many analyses talk about a new page in the development of gas industry.

Russia has so far been aside of the global trend. Russia has traditionally puts on the export of pipelines gas and therefore LNG has been a gimmick for Russia for a long time. All of this confirms is serious technological backwardness. Russia is the largest exporter of natural gas, but still does not have its own facilities in the region of liquefaction. This greatly limits its role in the world gas market which for Russia to date has been exhausted Europe and the FSU.

A small-volume Russian Liquefied Natural Gas market is stay in embryo. The prospects of its development are entirely dependent on "Gazprom" - the main supplier of raw materials.

The market liquefied natural gas (LNG) is a fairly new concept for Russian energy. Some experts are hesitant to even talk about the market - it is too poorly developed indeed. However the demand for liquefied fuel is growing from year to year both in Russia and in the world.

But right now we are witnessing attempts to catch up with the global trend. Producers have announced several large LNG projects. But how the plans comply with a real opportunity? Article will allows investigate this delicate subject and understand what future awaits the production and export of liquefied gas in the nearest years.

The paper is organised as follows: After the introduction the second section gives a brief overview about the Assessing the Future Role of Russian LNG on the global markets. This section adresses the analysis of adverse and positive conditions for Russia’s entrance into the global LNG market. The third section description the markets which are the most attractive for Russian LNG. In section four we describe the role of the Russian natural gas on the European markets.

**Methods**

Comparative and benchmarking analysis.

**Results**

First, assess the current and future position of Russian LNG on the global markets.
Second, the results of a evaluate successful finance strategies for the Russian LNG.
Third, in the assessment results current status of pipeline transit and infrastructure and we will get the answer to such question as “Will Russian LNG play a significant role on the European market?”

**Conclusions**

The pipeline system is not only the most expensive part of the gas industry, but it is also the main factor to be considered for future industry development plans. We estimate that the construction of additional pipelines from West Siberia to Europe would prove to be very poor economically and that is why it would not be realized. Therefore exports of LNG is very beneficial for Russia.

Russia has vast gas reserves on the continental shelf, which is logical to use to develop LNG projects

Massive development of the oil and gas potential of the Russian northern seas is distant because of the lack of own technologies

Governmental regulation of access to subsoil made it impossible for private companies to organize partnerships and develop independent LNG projects. Gazprom’s monopoly on LNG exports and plans to give the company offshore licenses without tenders mean that the state company will be dominating in every promising LNG project.
Russia expects a very serious competition in the LNG segment with experienced suppliers of liquefied gas. But Russia has a competitive advantage. First of all, there is a shorter transportation routes to major markets from the north-west to U.S. factories and from Sakhalin to the ATR. Secondly, the harsh climate allows reduce the cost of gas liquefaction (in northern regions will be 10-15% lower than, for example, in Qatar). The third is a zero export duty, established in Russia for the supply of LNG.

References


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