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RUSSIAN OIL COMPANY OFFICIAL SAYS POLITICS IMPEDE KOREAN GAS PIPELINE PROJECT

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Text of report in English by South Korean news agency Yonhap

Washington, 21 October: North Korea has yet to approve a project to link it and South Korea to gas supplies from Russia because of political circumstances, an executive of the company pursuing the project said here Friday.

"Obviously, economically, it will be the most efficient way for delivering gas to the Republic of Korea," Aleksandr Medvedev, deputy chairman of Gazprom, told Yonhap.

"But in order (for) this option (to be) chosen, there should be political preconditions for it. Probably it will be too optimistic to tell today if North Korea and the Republic of Korea are prepared to find the network," he said.

Republic of Korea is the official name of South Korea.

Russia's Gazprom, the world's largest gas producing company, is also interested in developing energy resources in North Korea, Medvedev said.

The executive is visiting Washington this week to establish energy business ties with the United States.

Gazprom Chairman Aleksey Miller visited Pyongyang in late January this year, a trip neither North Korea nor the company was willing to discuss openly at the time.

Medvedev said one of the topics during Miller's visit was transportation of gas to South Korea via North Korea.

He said it was a visit "in which we sought information about the attitude of North Korea to this project". He said his company would follow up with further study.

He cited India and Pakistan as examples of two states that, despite political tensions, agreed to connect a single pipeline to receive natural gas from Iran.

"Economically, it will be desirable to find such a solution," Medvedev said about South and North Korea.

The executive said his company and North Korean officials also discussed developing oil and gas reserves reported found in the communist state during Miller's visit.

"It's part of our agenda that we just started to study," Medvedev said.

Gazprom had said earlier that exploration work coordinated by North Korea's Oil Ministry in 1997 had located seven promising offshore and onshore oil and gas fields.