

SG-Trans to Be Acquired by Russian Railways

As foreseen earlier (a 20.12.2007 review), SG-Trans, liquefied hydrocarbon gas (LHG) carrier, is likely to be acquired by the Russian Railways. Earlier, SG-Trans was estimated at more than RUR 14 billion; however if the company had been put to the tender, it would be sold for a larger sum due to its attractiveness. With 16,000 tank-cars in its fleet, SG-Trans carries around 4 million tons of LHG per year, holding 40% of the Russian market. The company's major customers include Lukoil, Novatech and Sibur.

The Russian president's calling on to raise efficiency of processing associated petroleum gas (APG) from which LHG is obtained, necessitated streamlining of the transport infrastructure, including SG-Trans. SG-Trans plays a key role in the market and consolidates assets from various industries within state-run companies, therefore, only such giants as Gazprom, Sibur and Russian Railways could afford buying it.

After the Russian Railways obtains the CIS' largest carrier, their ironclad position will yet strengthen, but the country's oil and gas industry will still benefit from the deal. If Gazprom bought SG-Trans, private producers would face yet another problem (along with lack of access to the unitary gas supply system) – restricted access to the transport infrastructure, which would help neither to reduce carbon monoxide emissions nor to use expensive energy resources more cost-effectively.

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