

Pipeline Gets New Lease on Life

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Transneft said Tuesday that it would make another effort to convince Bulgaria to allow part of an oil pipeline to transit its territory — giving a new lease on life to a project that Sofia all but rejected earlier this year.

The Russia-backed Burgas-Alexandroupolis route, which also involves Greece, would play a key role in stepping up Russian and Kazakh oil exports to the Mediterranean Sea area.

A Bulgarian delegation, led by Finance Minister Simeon Djankov, will visit Moscow to take in the potential benefits of the link to Bulgaria on Sept. 8 to 9, said Transneft spokesman Igor Dyomin.

"We will discuss the situation around the project," he said. "They are probably not aware of some peculiarities."

The visit will come after Prime Minister Vladimir Putin spoke by phone about "energy projects" with his counterparts in Sofia and Athens on July 21.

Also on that day, Transneft vice president Mikhail Barkov, at a meeting in Sofia, invited Djankov to visit Moscow for more details about Russian proposals to fund the project, Bulgaria's Finance Ministry said on its web site.

Dyomin did not say what the proposals were.

In addition to funding, the participants discussed environmental issues involved in laying the oil pipeline across the coastline, which is popular among tourists, the ministry said.

"It's a good sign that they are starting to talk to each other," said Theodoros Tsakiris, an energy researcher at the U.S.-Greece task force, Transforming the Balkans. "There's a chance to resuscitate the project."

Bulgaria's Finance Ministry is representing its government in the plan. In what may be another minor sign of progress with the long-stalled idea, the ministry announced the creation of a team of experts to advise the state on the pipeline.

Bulgaria also agreed to pay some of the 5 million euros (\$6.3 million) that it owes to the consortium for the last nine months.

Bulgarian Prime Minister Boyko Borissov stunned policy-makers across Europe in June by saying Bulgaria had decided to drop the pipeline project. His press service later corrected him to say the final decision would come after Bulgaria got hold of an environmental impact assessment study, which is due this fall.

Borissov made his attitude toward the pipeline clear later that day, however, by saying, "I don't see which expert is going to sign on to the decision for its construction."

Borissov also attacked the \$1 billion project for the low financial returns it offered to Bulgaria.

By criticizing the project, Borissov probably wants to shift the financial burden off Bulgaria's shoulders, Tsakiris said. One way to do so would be to invite U.S. and European oil companies such as Chevron and Total to take over for the government, he said.

Chevron and Total, which pump Kazakh oil, would probably be interested in expanding their export traffic capacity in the longer run, he said. Kazakh oil would fill at least 50 percent of the trans-Balkan pipeline, he said.

Barkov briefed Chevron's vice president for Eurasia, Ian MacDonald, last month on the latest round of talks with Bulgaria.

For Russia, the pipeline offers control over shipments and is cheaper to build than an alternative line across Turkey, called the Samsun-Ceyhan.

Oil shipments through the congested Bosphorus cost \$4 a ton, while the trans-Balkan pipeline would charge \$7 a ton, Transneft chief Nikolai Tokarev said in June.

Transporting oil through Samsun-Ceyhan, which would be longer and more difficult to construct, would run at about \$12 a ton, he said.

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