

Putin Leaves Sofia With Pipeline Deal, Puppy

By [Irina Filatova](#)

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Putin hugging a Bulgarian shepherd given to him by Borissov on Saturday. **Oleg Popov**

Prime Minister Vladimir Putin returned from a trip to Sofia, Bulgaria, on Saturday with an agreement on starting construction of the South Stream gas pipeline and a puppy from his Bulgarian counterpart.

Gazprom and Bulgarian Energy Holding signed an agreement on forming a 50-50 joint venture that will build and operate the stretch of the pipeline running through Bulgaria. The venture will be registered in Bulgaria by the end of the month.

“As far as Bulgaria's material benefit is concerned — it's obvious. Bulgaria currently gets about 600 million euros ... from Russia for transit of a small amount of gas to other countries,” Putin told a news conference, according to a transcript on his government's web site.

“If we implement the South Stream project, Bulgaria will get almost 2.5 billion [euros] only for a pipeline going through its territory,” he said.

The 20 billion euro (\$27.4 billion) South Stream project is run by Gazprom and Italy's Eni. In June, Russia signed a memorandum of understanding giving France's EDF a minimum 10 percent stake in the project, to be taken from the Italian share.

Bulgaria became the eighth country to sign on to the 900-kilometer South Stream pipeline, following Austria, Croatia, Bulgaria, Serbia, Hungary, Greece and Slovenia.

More countries may join the South Stream project, which has “enormous significance” for Europe, Putin said.

“Leading companies of such European countries as Italy and France are already participating in the project. There are proposals from our other partners in Western Europe,” he said.

German oil and gas producer Wintershall, a unit of BASF, is in talks with Gazprom on possible participation in the project, Interfax reported earlier this year. The company has denied the rumors.

Bulgaria agreed to participate in the project in 2008, but Bulgarian Prime Minister Boyko Borissov announced a suspension of energy projects with Moscow after taking office last year. The sides signed a road map on building the pipeline earlier this year.

The pipeline, whose start is scheduled for December 2015, may be launched four months earlier, Gazprom head Alexei Miller said.

He also said reaching the agreement with Bulgaria was significant because it would be “the first country where South Stream arrives after its sea segment,” Interfax reported.

Once the project is operational, gas transit through Bulgaria will increase to 63 billion cubic meters annually, from 13 bcm last year, Miller said.

Bulgaria also supports the OMV-led Nabucco pipeline, which is aimed at reducing Europe's dependence on Russian supplies. The project has faced difficulties in securing gas supplies.

Laying the South Stream pipeline will not result in cheaper gas prices for Bulgaria, Putin said, but he and Borissov will follow the issue and “agree on acceptable terms.”

The Russian gas accounts for one-third to half the final price paid by Europe, with the rest being the result of “local taxation and agent margin,” Putin said. “We should think and work on that properly as well.”

Gazprom proposed reducing gas prices for Bulgaria by 5 percent to 7 percent by 2012, Interfax reported, citing materials provided by the Russian government ahead of the visit.

The sides also agreed to give up using agents' services for gas supplies starting in 2013.

Meanwhile, the project of the Burgas-Alexandroupolis oil pipeline developed by Russia, Bulgaria and Greece must be improved, Borissov said.

He reiterated Bulgaria's position that laying the pipeline would damage the country's "ecological balance" and thanked Putin for understanding.

The sides also discussed construction of the Belene nuclear power plant in Bulgaria. Construction has been under way since 1984 and was frozen last year after German shareholder RWE quit the project.

Russia has provided the Bulgarian side with the final price of the project, Putin said, adding that Bulgaria would make a decision after analyzing the project. He declined to name the price, saying he would need to agree with Borissov first.

Rosatom head Sergei Kiriienko told reporters Saturday that it was "very difficult to provide the final price as is normally done because the plant is being constructed for a long time," Interfax reported.

He also said the power plant would become profitable in less than 20 years, faster than the 25 years normally sought "in Russia and third countries."

Borissov has said construction costs should not exceed 7 billion euros (\$9.6 billion).

Russia and Bulgaria agreed to prepare the technical plan of the power plant by the end of this year, Putin said. Russia is looking for European investors for Belene and is ready to provide loans and supply construction equipment.

He did not name the possible partners, saying only that they are "undoubted world leaders" in their fields.

Siemens may become a new strategic investor in the project, Interfax reported, citing Bulgarian media.

Kiriienko said Russia might become a strategic investor in Belene, providing a loan of more than \$2 billion, Interfax reported. But Russia has no plans to be a part owner, he said. Serbia is interested in acquiring a stake, and other European countries have also shown interest.

In a final move indicating friendship between the two countries, Borissov gave Putin a Bulgarian shepherd dog puppy.

"I gave a Bulgarian dog to Vladimir Putin and hope that he will enjoy this typical Bulgarian dog," Borissov said, RIA-Novosti reported.

Putin already has an 11-year-old black Labrador, Connie, which was given to him by Emergency Situations Minister Sergei Shoigu. He looked very satisfied as he cuddled the dog.

Former U.S. President George Bush wrote in his memoir that Putin had once boasted that his Labrador was "bigger, stronger and faster" than Bush's Scottish terrier Barney.

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