

Miller Suggests E.On Join in South Stream

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Gazprom chief Alexei Miller discussed new "major" projects with E.On on Friday, after he suggested that the German company could join the South Stream pipeline project that will run from Russia to Europe under the Black Sea.

E.On is part of a Gazprom-led effort to build Nord Stream, a similar pipeline in the Baltic Sea.

Miller traveled to Zurich to meet E.On chief Johannes Teyssen and its gas unit, E.On Ruhrgas, chief Klaus Schäfer, Gazprom said in a statement. They talked about Nord Stream and "issues related to the implementation of new major infrastructure projects," the statement said without elaborating.

Last week Miller suggested after a presentation of the South Stream for the European Commission in Brussels that E.On could be a partner in the project.

"An E.On representative attended the presentation. It tells you something. A major project like this is unlikely to stay out of sight of a major company like this," he told reporters. "I don't rule out that one more participant will appear in the project."

Apart from Gazprom, South Stream shareholders now include Italy's Eni. Germany's Wintershall, a unit of BASF, and France's EDF have expressed interest in joining.

At the presentation where Gazprom sought the European Union's political backing for the project, Günther Oettinger, the European Energy Commissioner, reiterated that the bloc didn't consider South Stream a priority, but said regulators wouldn't impose any unreasonable requirements either.

"We will act as fair partners," he said in a speech.

He also called on Russia to drop the monopoly for Gazprom to export natural gas. Opening access to South Stream for independent Russian gas producers like Novatek, he suggested, could prompt the EU to treat the project more favorably because the pipeline wouldn't only offer a different supply route but also a choice of counterparties. That would mean a stronger contribution to European efforts at diversifying suppliers, he said.

South Stream construction, estimated to cost 15.5 billion euros (\$22 billion), is scheduled to begin in 2013 and be complete by the end of 2015.

In other Gazprom related news, Bloomberg reported that Prime Minister Vladimir Putin said Friday that the government should reconsider gas taxes as export demand improves, while not creating an excessive burden that hinders investment plans.

The Finance Ministry is proposing to double the gas extraction tax next year for companies that own gas pipelines, Deputy Finance Minister Sergei Shatalov said. The government may decide on the mineral extraction tax for Gazprom next week, Finance Minister Alexei Kudrin told reporters Friday.

Gazprom and Serbian gas monopoly Srbijagas signed a detailed plan to construct the South Stream pipeline in Serbia at a meeting of the companies' chiefs, Bloomberg reported. Gazprom chief executive Alexei Miller and general director of the Serbian company Dusan Bajatovic reached "significant progress" Friday in Zurich on plans for the Banatski Dvor natural gas reservoir project. Most of the permissions have been obtained, and the rest will be ready in "the nearest time," Gazprom said.

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