

South Stream Pipeline Gets Final Approval

By [The Moscow Times](#)

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A Gazprom-led consortium gave a final approval to the underwater part of the 10 billion euro (\$12.7 billion) South Stream gas pipeline, the gas giant said Thursday.

Gazprom also separately cleared the final hurdle for the pipeline's overland leg.

The board of the South Stream Transport consortium convened in Milan on Wednesday and made a final investment decision that paves the way for construction of the underwater section, Gazprom said in a statement.

Italy's Eni, France's EDF and Germany's BASF joined Gazprom in the consortium, which they decided Wednesday to register in Amsterdam.

The consortium plans to break ground on the project near Anapa on Dec. 7 and begin gas supplies at the end of 2015.

Gazprom made separate final investment decisions for the stretches of the pipeline that will traverse European countries. The last investment deal was signed Thursday with Bulgaria.

Some industry experts have criticized the project as dubious for reasons that include the contraction of Gazprom's exports to Europe over recent years.

"It's not that Gazprom badly needs additional capacity for deliveries to European customers," said Yulia Voitovich, an industry analyst at Investcafe.

Work on South Stream will increase Gazprom's spending, much to the chagrin of company stockholders, she added.

The underwater pipeline will have a capacity of 63 billion cubic meters and run for more than 900 kilometers, resurfacing near Varna, Bulgaria. The route will then continue overland to ultimately reach Italy.

A portion of the underwater pipeline will cross Turkey's exclusive economic zone, and Turkey has given its consent.

Gazprom owns 50 percent of the consortium, and Eni owns 20 percent. The two other participants split the remaining stock.

Gazprom will build a liquefied natural gas plant with a capacity of 10 million tons in the Primorye region's Khasan district, the regional government's press service said, Interfax reported.

The plant's first production line will be put into operation in 2018, the second one will be launched in 2020, and construction will be completed in 2025, according to Interfax.

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