

Eni Seeks to Abolish Take-or-Pay Principle

By [The Moscow Times](#)

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Italian oil and gas giant Eni has begun talks with Gazprom to end financial penalties for failure to take agreed amounts of gas, known as the "take or pay" principle, Vedomosti reported, citing a representative of White & Case.

Eni CEO Paolo Scaroni announced last fall that the company was seeking to revise existing gas supply contracts.

Neither Eni nor Gazprom has commented on potential litigation, but it has been confirmed that international law firm White & Case will represent Eni in the talks, and if necessary, also in arbitration.

A source close to Gazprom said that while Eni pushes for cancellation of the take-or-pay principle, the group has resumed gas importation from Libya.

In 2012, Gazprom's gas supplies to Italy fell 12 percent to 76.8 billion cubic meters.

Eni has recently failed to take contractual amounts of gas, a source close to Gazprom said, but Gazprom has not yet fined the Italian company.

Gazprom is unlikely to impose new penalties to Eni but it will not agree to abolish the take-or-pay principle, said Mikhail Korchyomkin, head of consulting firm East European Gas Analysis. The talks might result in price discounts for Eni, he said.

Eni and Gazprom are the co-founders of the proposed South Stream gas pipeline, which will take natural gas via the Black Sea to Austria, Bulgaria, Greece and Italy.

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