

New Dutch Company Unites Pipe Manufacturers for South Stream Tenders

By [The Moscow Times](#)

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A new company based in Amsterdam will represent the interests of Russian pipe manufacturers pushing for contracts in international tenders for the huge European South Stream pipeline project, Vedomosti reported Thursday.

European Pipeline Engineering, registered in June, brings together four major producers — OMK, TMK, Severstal, and ChTPZ.

Construction of the South Stream pipeline, which crosses the Black Sea and the Balkans on its way to Western Europe, began last December.

The new company is owned by TIT, which belongs to Ivan Shabalov, chairman of the Association of Pipe Manufacturers and business partner of the billionaire Rotenberg brothers, Boris and Arkady.

Together, the Rotenbergs and Shabalov are the principal suppliers of large diameter pipes for state gas giant Gazprom.

The company was set up by TIT, rather than one of the four pipe producers, in order to guarantee maximum freedom to the manufacturers to operate independently in conjunction with the joint project, Shabalov said.

Consolidating Russian manufacturers' participation in the South Stream tenders will restrain internal competition and prevent the "dilution of the Russian share," he said.

OMK's spokesman said the company will use "various forms of cooperation" to participate in South Stream, including working with the Dutch company.

Representatives of TMK, Severstal and ChTPZ declined to comment.

The manufacturers may boost their share by combining their resources, said Oleg Petropavlovsky, an analyst at BKS financial group. "European companies have strong marketing departments, while our pipe manufacturers have never worked on this scale."

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