

Russia Pushes on With Gas Pipeline Despite EU Delaying Talks

By [The Moscow Times](#)

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Gazprom, disregarding European Commission plans to delay talks, said it expected to sign deals this month on building its major South Stream pipeline to carry gas to Central and Southern Europe without crossing Ukraine.

It made the announcement a day after the commission said it would postpone talks with Gazprom over South Stream, which still requires European Union legislation including exemptions from rules that limit pipeline ownership and require access be provided to other gas firms.

The bloc, already concerned with reducing the Russian state-controlled company's dominance over its energy supply, especially in Eastern Europe, has been further rattled by Russia's seizure of the Crimea region from Ukraine.

"South Stream is confidently moving ahead. Agreements on the laying of the first leg of the

pipeline will be signed before the end of March, as well as agreements on the supplies of pipelines for the second leg," Gazprom said Tuesday after the South Stream consortium, which it leads, met in Switzerland.

Past supply disruption because of pricing disputes between Moscow and Kiev have motivated EU leaders to seek alternatives to Russian gas, and the current Ukraine crisis has increased the EU's focus on diversifying energy sources.

But previous efforts to bring new gas suppliers to Central Europe have so far largely failed.

The Nabucco pipeline project, intended to bring Central Asian gas into the region, was ditched last year, leaving the region reliant on Russia and its South Stream project.

Instead the Trans-Adriatic Pipeline, which will pump about 10 billion cubic meters of gas each year from Azerbaijan toward the end of this decade, will go to Italy via Turkey, Greece and Albania.

The 2,400-kilometer South Stream pipeline, which Gazprom says will be fully operational by 2018, would be able to supply more than 60 bcm — almost 15 percent of Europe's annual gas demand — through the Black Sea into southeastern Europe.

While the project would not solve problems about supply diversity, it would increase security of supply by avoiding transit through Ukraine, currently an important pipeline route.

While Europe lacks immediate alternatives to replace Russian supplies, long-term efforts are in place to reduce Moscow's dominance in the sector. Moscow now supplies about a third of Europe's gas needs, rising to 100 percent in some eastern countries.

Potential new sources of gas include plans to access recently found fields in the eastern Mediterranean as well as hopes that North American shipments of liquefied natural gas could come to Europe.

Following a shale gas production boom, the U.S. is expected to begin exporting LNG from 2015. However analysts say that U.S. exporters would prefer selling to Asia, where prices are twice as high as in Europe.

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