

Bulgaria Accuses South Stream Builder of Defying Project Freeze

By [The Moscow Times](#)

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Bulgaria on Tuesday accused the engineering company in charge of building a section of Gazprom's South Stream pipeline on its territory of violating a moratorium on the project against explicit government orders.

The share capital of South Stream Bulgaria, controlled equally by Russian energy giant Gazprom and Bulgarian Energy Holding, or BEH, on Monday rose to 397.6 million lev (\$271 million) from 15.6 million (\$10.6 million), according to a statement from the Bulgarian Economy and Energy Ministry.

"This action by the management of South Stream Bulgaria constitutes a breach of a protocol decision ... to cease all activities in the project to bring it in line with European legislation," the statement said.

The capital increase was entered into the commercial register on Monday, the same day that

Economy and Energy Minister Vasil Shtonov ordered BEH to halt all preparations for the \$45 billion pipeline project.

The ministry said the holding's decision to go ahead with raising the share capital of South Stream Bulgaria was not in Bulgaria's best interests, adding it would refer the case to prosecutors.

BEH issued a statement saying it had taken all necessary measures to halt activities related to the South Stream project.

The European Commission maintains that South Stream violates EU legislation aimed at safeguarding equal access to gas infrastructure for suppliers and preventing gas trading companies from both owning and operating pipelines.

After years of planning, the South Stream project, which is designed to deliver 63 billion cubic meters of gas per year to Europe via Bulgaria, Serbia, Hungary and Austria, found itself suddenly in the political crossfire this year as the West and Russia butted heads over the crisis in Ukraine.

South Stream would largely erase Russia's dependence on Ukraine as a transit country for about half of its gas exports to the European Union.

Russia's EU envoy Vladimir Chizhov accused the West of "economic sanctions by stealth" after Bulgaria suspended construction of the pipeline in June following a meeting with several U.S. senators.

Material from Reuters is included in this report.

See also:

[Timchenko Blames McCain for Loss of Bulgarian South Stream Contract](#)

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