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South Stream Gets Bulgarian Approval

By The Moscow Times

November 10, 2010

Bulgaria's Cabinet on Wednesday approved a proposed joint venture with Gazprom to run the Bulgarian section of the planned South Stream pipeline that will run across the Black Sea.

The agreement envisages a 50-50 percent partnership between Gazprom and Bulgarian Energy Holding and will be signed during Prime Minister Vladimir Putin's visit to Sofia on Saturday, the Cabinet said in a statement.

Gazprom, the world's biggest gas producer, plans to build the pipeline to supply Eastern, Central and Southern Europe, bypassing transit states such as Ukraine. The construction is slated to start in 2013, with the first gas deliveries at the end of 2015. The link may carry 63 billion cubic meters of gas a year to the European Union.

Bulgaria also backs the OMV-led Nabucco pipeline project, which aims to bring gas from the Caspian Sea region and the Middle East to Austria via Turkey, and thereby reduce Europe's reliance on Russian supplies.

In another Russia-related decision, Bulgaria's Environment Ministry on Tuesday rejected two environmental impact reports on a planned oil pipeline that bypasses Turkey's crowded Bosporus Strait.

Bulgaria ordered the study before deciding whether to back out of the project to construct the Burgas-Alexandroupolis pipeline on concern that an oil spill would harm the Balkan country's Black Sea resorts.

"The two reports are unclear and incomplete," the ministry said on its web site.

The ministry said it returned the reports for further work to Trans Balkan Pipeline, the Bulgarian unit of the pipeline joint venture. The company has two months to submit an improved version of the reports, the ministry said.

"The report gives no specific assessment of how an oil spill will affect fishing, mussel farms, and the tourist and entertainment industry in the region," the ministry said.

The Bulgarian government said in July that it would decide whether to continue with the project after the Environment Ministry evaluates the international environmental impact assessment in October. The reports' rejection will delay the process by two months.

The projected pipeline route violates a European Union directive for conservation of wildlife, known as Natura 2000, because it passes through protected areas. This alone would allow Bulgaria to pull out of the project without paying penalties, according to Bulgarian Prime Minister Boyko Borissov.

Russia, Bulgaria and Greece agreed in 2007 to build the 285-kilometer oil pipeline from the Bulgarian Black Sea port of Burgas to the Greek port of Alexandroupolis on the Aegean Sea. The 1 billion euro ($1.4 billion) link, with a capacity of 35 million metric tons of oil a year, would bypass the Bosporus and Dardanelles straits, saving shipping costs.

The project competes with a similar $2.5 billion pipeline agreed between Russia, Italy and Turkey last year to carry oil from the Turkish Black Sea port of Samsun to the Mediterranean port at Ceyhan.

Turkey is using the environment damage caused by BP's Gulf of Mexico spill to press its case that oil traffic through the straits is unsafe and potentially dangerous. The country said July 1 that it has broad support from 20 oil companies for steps that would make use of the Bosporus straits for oil traffic more expensive than pipelines.

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