

Europe Drops Demand to Review South Stream Agreements

By [The Moscow Times](#)

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The South Stream pipeline inched closer to reality as the European Commission is dropping an earlier demand to review intergovernmental agreements between Russia and several states, European Commissioner for Energy Gunther Oettinger and an Energy Ministry spokesman said, Vedomosti reported Monday.

The European Commission announced in early December that agreements between Russia and the governments of Bulgaria, Serbia, Hungary, Slovenia and Croatia pertaining to the South Stream project did not comply with European legislation and should be completely revised, Vedomosti reported.

Head of the European Commission's department for internal energy market Claus-Dieter Borchardt went as far as to say that the intergovernmental agreements with Russia should be cancelled, because they do not comply with the requirements of the EU's Third Energy Package guaranteeing alternative suppliers access to pipeline infrastructure and banning

the main supplier from monopolizing the gas distribution network as well as setting tariffs for gas delivery.

But the warnings by European officials had failed to produce tangible results while Bulgaria, Hungary and Slovenia said that their agreements with Russia were in compliance with the European legislation.

On Friday Energy Minister Alexander Novak and Oettinger agreed to set up a working group to discuss legal and technological issues related to the project. Rather than reviewing intergovernmental agreements for South Stream it will focus on adapting the project to EU's regulations, Deputy Energy Minister Anatoly Yanovsky said.

The terms for the working group's operation have not been determined yet, a European Commissioner's spokesman said, noting the constructive dialogue on the issue between Russia and the European Commission.

A Gazprom representative declined to comment.

Russia has argued that the intergovernmental agreements were based on international law and have precedence over EU legislation.

The South Stream is a Gazprom-administered project to build a gas pipeline to transport 63 billion cubic meters of natural gas through the Black Sea to Southern and Central Europe. The project costs 16 billion euros (\$21 billion) and will allow Russia to supply gas to European customers bypassing Ukraine prior to the expiration of the gas transit agreement with that country in 2019.

The South Stream pipeline should become fully operational in 2018.

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