

## Serbia Forges on With South Stream Pipeline Construction Plans

By The Moscow Times

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BELGRADE — Serbia said Thursday it had no plans to delay the start of construction of its leg of Gazprom's South Stream gas pipeline, scheduled for July, after the European Union this week asked Bulgaria to suspend work on the project.

The European Commission, the EU's executive arm, said the South Stream breaks EU competition rules that prohibit gas suppliers from also controlling pipeline access, and it has put on hold the approval process for the project.

Policymakers in Europe are anxious to reduce the continent's energy dependence on Russia — and particularly on gas from state-controlled Gazprom — which has been starkly exposed by the standoff with Moscow over Ukraine.

Russia has forged ahead with the giant South Stream project, which would transport 63 billion cubic meters of gas per year through the Black Sea, Bulgaria, Serbia, Hungary and Slovenia

into Italy, starting by 2016 to 2017. This would bypass Ukraine.

Serbia finds itself squeezed between its ambition to join the EU, with which it has begun accession talks, and historical ties with fellow Orthodox Christian Russia, which backed Belgrade in opposing independence for its former southern province, Kosovo.

"There are no plans to delay construction," Energy Minister Aleksander Antic told Reuters.

But, he added, "The position of Serbia is not decisive. We will follow developments and decide accordingly.

"I believe the European Commission and member states will find a solution because this is a European project in the best interests of energy security."

The Tanjug state news agency quoted an energy ministry official on Wednesday as saying Serbia would act in accordance with any future agreements between the EU and Gazprom.

Bulgaria, historically close to Russia and heavily dependent on its gas, said it would continue with construction despite EU warnings.

Serbia put its oil and gas sector largely in the hands of Gazprom in 2008, in a deal widely seen as a trade-off for Russia's support of Belgrade over Kosovo.

Serbia consumes about 2.5 billion cubic meters of gas, nearly all of which is imported from Russia through Hungary, using a pipeline that goes through Ukraine.

Antic told Reuters a government commission has been formed to look at all scenarios for the coming winter and prepare Serbia for potential gas supply disruptions.

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