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South Stream, Economic Difficulties: Business in Brief

By The Moscow Times

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Demise of Russia's South Stream Could Cost Italian Oil Services Firm $1.5 Billion

MILAN — Italian oil services firm Saipem may lose 1.25 billion euros ($1.55 billion) in revenue in 2015 due to Russia's apparent cancellation of the South Stream natural gas pipeline project, CEO Umberto Vergine told daily Il Sole 24 Ore in an interview.

Russia on Monday scrapped the pipeline project to supply gas to southern Europe without crossing Ukraine. But Saipem said Tuesday that it had not yet received formal notice of the termination of any South Stream contracts and operations were still under way.

In the interview published on Wednesday, Vergine also said that 2015 would still be a year of transition for the company and more time would be needed than initially expected to recover profitability and cut debt. A Saipem spokeswoman confirmed the interview.

"2015 was supposed to be the year when we stabilize our performance, but instead the road will still be uphill," Vergine told the paper. "If you also consider the drop in the crude oil price, the impact of these factors will not be marginal."

South Stream's demise is the latest blow for a group which lost half its stock market value last year following two profit warnings, and cut this year's profit forecast in July. *(Reuters)*

Obama Says Putin Won't Change Course Until Economic Difficulties Hit Home

U.S. President Barack Obama said Wednesday he doubted Russian President Vladimir Putin will change course until politics catch up with the rough economic situation in Russia.

Obama said Putin has promoted a nationalist, backward-looking approach to Russian policy that scares neighbors and hurts Moscow's economy.

Russia is likely to enter recession next year as Western sanctions and falling oil prices drain the economy of income and investment. *(Reuters / MT)*

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