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Russia Says $40 Billion South Stream Cancellation Won't Lead to Financial Claims

By The Moscow Times

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Gas pipes bearing the flags of Serbia and Russia (L) lie on the ground near the Serbian village of Sajkas, north of Belgrade, where Serbia ceremonially launched its leg of Russia's South Stream pipeline before the project was cancelled, on Dec. 10, 2014.

Russia is discussing legal issues with some of its partners over the scrapped South Stream gas pipeline project but financial claims are not expected, Russian Energy Minister Alexander Novak told Kommersant newspaper on Monday.

Russia abandoned the South Stream project, which was to supply gas to southern Europe without crossing Ukraine, citing European Union objections. It named Turkey in early December as its preferred partner for an alternative pipeline.

"We understand that countries, through which the gas pipeline was supposed to go, were

expecting investment projects and creation of jobs, tax revenue growth," Novak said.

"There is a legal study over the intergovernmental agreements, which were signed in 2008-2009."

Novak said he did not expect financial claims to come from the agreements on the $40-billion pipeline project, which was to enter the European Union via Bulgaria.

Hungary, Austria, Serbia and Bulgaria saw the South Stream pipeline as a solution to the risk of a repeat of supply disruptions via Ukraine, but Brussels and Washington felt the project could entrench Moscow's energy stranglehold on Europe.

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