

Italy's Saipem a Favorite to Win Gazprom's Turkish Stream Contract

By [The Moscow Times](#)

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MILAN, Italy — Italian oil services group Saipem is in constant touch with Gazprom over its plans to build the Turkish Stream pipeline and is in pole position to win contracts if the project goes through, four sources close to the matter said.

Russia is looking to build Turkish Stream as an alternative to the South Stream pipeline that it shelved last year in the face of objections from the European Union.

Saipem, 43 percent owned by oil major Eni, bagged contracts worth 2.4 billion euros (\$2.6 billion) last year mainly to build the first line of the South Stream pipeline running from Russia to Bulgaria across the Black Sea but had to suspend work.

"Saipem is continuously talking to Gazprom and exchanging information," one of the sources said. "Gazprom is asking Saipem to draw up plans for two lines, they are asking for alternatives."

In mid afternoon trade, Saipem shares were up more than 2 percent, outperforming a 0.2 percent rise in the European oil and gas companies index.

Saipem and Gazprom declined to comment.

Russia is pushing on with plans to build Turkish Stream to Turkey and then Greece via the Black Sea, in line with its plans to stop exporting gas via Ukraine by 2019.

But with Moscow in financial crisis, it is not clear if the plan will get off the ground.

Another of the sources said Gazprom was likely to hire Saipem since it is a leading contractor in subsea work and had already done a lot of preparatory work on South Stream, which required laying pipes more than 2,000 meters under water.

"Saipem, that has all the know-how, already has two ships in the area that Gazprom is contractually paying for, and scrapping South Stream would mean Gazprom was liable to pay termination fines," the source said.

The EU, which imports around one-third of its oil and gas from Russia, has imposed a series of sanctions on Moscow for its role in Crimea and eastern Ukraine. Some Western countries claim Moscow is using energy as a geopolitical weapon.

But Brussels will have its work cut out to persuade the whole bloc to keep up pressure. Last Friday Greece said it expected to agree to take part in Turkish Stream soon.

"Talks between Turkey and Russia are under way and Saipem is in pole position to take a contract," a third source said.

"But let's not underestimate commercial problems linked to the sale of Russian gas to Europe through Turkey," the person added.

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