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Gazprom in Talks With French Firm Over Expanding Nord Stream

By The Moscow Times

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A general view shows the headquarters of Gazprom in Moscow.

Russia's Gazprom is in talks with Engie over the French company joining a group planning to expand the Nord Stream gas pipeline from Russia to Germany via the Baltic Sea, three sources familiar with the matter said.

Engie's interest in the project follows a statement from German chemicals group BASF last week that it had signed a memorandum of understanding to join the group of companies intending to expand the pipeline.

"Gazprom and Engie are in talks, but there is no final decision yet. The key point is the terms under which Engie could enter," one of the sources said on condition of anonymity.

Another said an announcement should follow soon and the third said talks were ongoing.

Gazprom and Engie, formerly GDF Suez, had no official comment.

Gazprom announced in June it planned to increase the capacity of the Nord Stream link.

In response, the European Commission, the EU executive, said the European Union already had enough pipeline capacity to import gas from Russia and the expansion had to comply with EU law.

The EU is seeking to reduce Russia's dominance of the energy network by diversifying sources of supply through more use of liquefied natural gas and links to nations such as Azerbaijan.

Russia provides around one-third of EU energy needs, and around half of the gas the EU imports from Gazprom is shipped via Ukraine.

Germany's energy companies have retained strong ties with Russia and have said there is a compelling business case for a Nord Stream II to complement Nord Stream I.

Analysts have also said Nord Stream has proved vital in improving EU security of supply after disruptions in the past to shipments via Ukraine because of a dispute between Kiev and Moscow over pricing.

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