Analyses OSW

CENTRE FOR EASTERN STUDIES 20.10.2010 www.osw.waw.pl

Russia is putting pressure on Bulgaria regarding South Stream

Representatives of Russia's Gazprom and of Romania's gas pipeline operator Transgaz signed on 13 October in Bucharest a memorandum on co-operation in the development of a feasibility study for the Romanian section of the South Stream gas pipeline. Gazprom's hints at its intention to co-operate with Romania, which has not been considered as a transit country in the project so far, may be used to increase pressure on Bulgaria, which has been delaying making a binding decision on the construction of the pipeline in its territory.

The memorandum envisages the appointment of a common expert group which is to prepare an initial analysis of the technical and financial conditions of laying a gas pipeline through Romanian territory. However, it does not provide for establishing a company aimed at developing a feasibility study for building a gas pipeline running through Romania which, along with an intergovernmental agreement, is part of a standard procedure before the decision to invest is taken. This indicates that the document is merely intentional in its nature. Moreover, directing South Stream through Romania seems to be difficult due to resistance from Ukraine, through whose territorial waters the pipeline would have to run to reach Romania.

The Russian-Romanian memorandum has to be seen first of all in the context of a new round in Russian-Bulgarian gas talks, which took place on 15 October in Sofia. The fact that Moscow started talks with Bucharest was to urge Bulgarians to sign agreements necessary to establish a company to be entrusted with the task of developing the feasibility study for the Bulgarian section of South Stream. This pressure seems to be working; immediately after the talks in Sofia the president of Gazprom, Aleksey Miller, announced that the company would be established in November. <dab>