

E.ON enters the Southern Corridor

On 20 May, the German corporation E.ON joined a consortium implementing the Trans-Adriatic Pipeline (TAP) project, which (along with Nabucco and ITGI) is an element of the EU concept for a gas export Southern Corridor. Although the fact that one of Europe's largest energy corporations has become a shareholder of TAP does not per se cause a resolution of major problems in the implementation of this project (such as settling the issue of gas transit via Turkey), it still adds strength to the project itself and the Southern Corridor as a whole.

According to the deal signed, E.ON will take over 15% of the shares from other shareholders of TAP, Switzerland's EGL and Norway's Statoil. The Trans-Adriatic project envisages the construction of a 520 km gas pipeline running from Greece (Thessaloniki area) through Albania and the Adriatic Sea to Brindisi in Italy. The initial capacity of this investment, which is worth approximately 1.8 billion euros, is planned to reach 10 billion m³, and finally may be doubled. TAP is the only project in the Southern Corridor to have formal access to gas; the consortium members include Statoil, which holds shares in the Azeri gas field Shah Deniz, and Switzerland's EGL, which in 2007 signed a long-term contract for supplies of 5 billion m³ of gas from Iran.

The fact that E.ON has joined the Trans-Adriatic project proves that the German company is interested in diversifying its sources of gas supplies. This is also a sign of E.ON's increasing interests on South and South-Eastern European markets (the company is active in Italy, for example). At the same time, since one of the largest European players has joined the game for the Caspian gas, an opportunity for breaking the deadlock which has so far impeded the implementation of the Southern Corridor, and for increasing the project's attractiveness among investors has appeared. On the other hand, the reinforcement of TAP may weaken other projects regarding the export of Caspian gas, including Nabucco. ₁