

Nabucco Gas Pipeline Forges Ahead Without Customers (Correct)

<http://www.bloomberg.com/apps/news?pid=20601100&sid=atTqUvDOFY1Y>

By Rob Verdonck

(Corrects spelling of AG in name in first paragraph.)

July 13 (Bloomberg) -- European [countries](#) planning a pipeline to reduce reliance on Russian natural gas meet today to seal an agreement that may help companies led by OMV AG find customers for the 7.9 billion-euro (\$11 billion) project.

Officials from Turkey, Bulgaria, Romania, Hungary and Austria will gather in the Turkish capital Ankara to back the Nabucco project, which has been in planning since at least 2004. The venture has been delayed by a lack of commitments from customers, transit nations and gas suppliers.

“There are still plenty of problems,” [Pavel Kushnir](#), director of oil and gas research at Deutsche Bank AG in Moscow, said in a telephone interview. “There’s no available gas.”

Nabucco is intended to cut Europe’s dependence on Russian gas, helping to avoid a repeat of the cutoffs that reduced supplies to the region twice in the last three years. The link, due to send as much as 31 billion cubic meters of Caspian-region fuel a year [via Turkey to Austria](#) starting in 2014, still faces competition for gas.

“The Nabucco project is of crucial importance for Europe’s energy security and its policy of diversification of gas supplies and transport routes,” [Jose Manuel Barroso](#), president of the European Union’s executive arm, said in a statement on July 10. “The signature will show that we are determined to make this pipeline a reality as quickly as possible.”

The link would bypass Russia and Ukraine, helping Europe find an alternative to Moscow-based [OAO Gazprom](#), which supplies about 25 percent of the region’s gas.

Entry Points

Gas would flow into Turkey from three of four possible competing entry points: Georgia, Iran, Iraq and Syria, according to the EU, which helped broker the accord.

Nabucco has been negotiating for supplies with Caspian countries including Azerbaijan, as well as Iraq and Turkmenistan, the Central Asian nation whose gas reserves tripled last year to make it the fourth-largest holder of the fuel.

“Nabucco continues to hope that at some point Turkmenistan will join and supply gas to the project,” Deutsche Bank’s Kushnir said.

The venture said in January it expects to tender construction orders for the pipeline at the end of this year or early next year and to receive commitments from customers, suppliers and bankers by the end of 2010.

Guarantee Transit

“The pipeline now has a stable legal basis and can guarantee gas transit under equal and transparent conditions for all customers,” said [Reinhard Mitschek](#), managing director of [Nabucco Gas Pipeline International GmbH](#), which is jointly owned by OMV, RWE AG, Mol Nyrt., Transgaz, Botas and Bulgargaz AD.

Turkey had held off signing a transit accord as it sought approval to take 15 percent of the gas passing through the pipe at discounted prices for its own use.

The country is sticking to its 15 percent request, Energy Minister [Taner Yildiz](#) said July 10. A further “project support” agreement will be signed within six months, he said, adding that talks with Caspian suppliers are “ongoing.”

The EU on May 6 approved 200 million euros in investment for the Nabucco pipe, after the European Investment Bank said in January it may finance as much as 25 percent of the project.

Aside from Nabucco, proposed pipelines in the region include the South Stream, Blue Stream and White Stream links, the Trans Adriatic Pipeline and the Interconnector Turkey- Greece-Italy, or ITGI.

The EU confirmed that Energy Commissioner [Andris Piebalgs](#) will be at the Ankara ceremony. Apart from leaders of the five signatory countries, “high-level officials” from Germany, Georgia, Azerbaijan, Turkmenistan, Iraq, Syria, Egypt, Qatar, the U.S., Russia, the EIB and the European Bank for Reconstruction and Development have been invited, the Turkish prime minister’s office said.

To contact the reporter on this story: [Rob Verdonck](#) in London at rverdonck@bloomberg.net

Last Updated: July 13, 2009 02:27 EDT

July 13, 2009

European countries sign up for Nabucco deal to break Russia’s gas monopoly

<http://www.timesonline.co.uk/tol/news/world/europe/article6695437.ece>

David Charter in Brussels

With memories of freezing houses, schools and offices still looming large, five countries will sign up to an ambitious pipeline project intended to break Russia’s grip on European gas supplies.

The Nabucco project, a 2,000-mile (3,300km) pipeline to pump gas from Azerbaijan to Europe via Turkey, has been given extra urgency by the ongoing payment dispute between Russia and Ukraine, which saw supplies to a dozen EU countries suspended in the depths of last winter.

Turkey, Bulgaria, Romania, Hungary and Austria will sign a transit agreement today to give Nabucco — which has hit investment problems during the recession — fresh impetus and increase credibility with suppliers.

The project has been dogged by fears that it could turn out an €8 billion (£6.8 billion) white elephant. Delays in securing start-up funding and political agreement mean that Nabucco will not be ready until 2015. Even then Russian efforts to buy up Azerbaijan’s reserves and the unpredictability of potential suppliers, including Iran and Turkmenistan, mean that there may not be enough gas to make the pipeline viable.

Furthermore, Russia is planning its own €10 billion Caucasus pipeline, called South Stream, to bypass Ukraine and deliver gas to southeastern

Europe under the Black Sea, although it is still struggling to forge agreements with transit countries over the route and ownership rights.

Gazprom, the state-owned Russian company, has done a deal for 50 billion cubic metres of Azerbaijan's gas but the EU believes that once Nabucco is built it will draw in supplies from Egypt, Iran, Iraq and Turkmenistan if there is not enough from Azerbaijan. "Major obstacles to Nabucco still stand, and supply is number one," said Ana Jelenkovic, an analyst at Eurasia Group. "Without securing the supplies you cannot have the pipeline — but without the pipeline you cannot secure the supplies."

Nabucco was conceived to diversify Europe's gas supply after Russia turned off the taps during the winter of 2006 in a dispute with Ukraine, through which the gas flows.

With a capacity of 31 billion cubic metres a year it would supply only 5 to 10 per cent of EU demand, but it would break Russia's monopoly over countries that have suffered the worst during the winter cut-offs, such as Bulgaria, Slovakia and Romania. In some cases schools and factories were closed as heating was severely rationed to conserve fuel; several countries, mostly in eastern Europe, reported a halt in Russian gas shipments while others — including Austria, France, Germany, Hungary and Poland — reported substantial drops in supplies.

The project is rich in geopolitical significance, not least because Russia is quick to use its huge energy reserves as a political tool. In May, Turkmenistan, Kazakhstan and Uzbekistan — all in Russia's "backyard" — held off their support for Nabucco at a meeting in Prague. Azerbaijan signed an agreement in June to export gas to Russia from its Shakh Deniz reserve.

However, after a dispute with Russia which has seen Moscow halt gas imports, Turkmenistan said last week that it was now ready to provide gas for Nabucco. "Currently Turkmenistan has excess gas for trade. We are ready to send it abroad to any customer. This includes Nabucco," President Berdymukhamedov said.

EU officials insist that there is enough gas from the Caucasus region to supply both Nabucco and South Stream, which they see as Russia's attempt to escape reliance on the Ukrainian transit routes.

“A lot of fanfare was made about the deal for 500 million cubic meters of gas between Azerbaijan and Russia, but that is one sixtieth of the size of Nabucco. It is a very small deal,” said a European Commission gas expert.

“Our strategic aim is to reach new sources of gas, and for every deal in gas and oil you get agreement on the pipeline first. Even Russia does it that way around.”

José Manuel Barroso, the European Commission President, said: “The Nabucco project is of crucial importance for Europe’s energy security and its policy of diversification of gas supplies and transport routes.”

July 13, 2009

Pipeline politics

http://www.timesonline.co.uk/tol/comment/leading_article/article6695216.ece

A new gas pipeline to Europe will be a vital alternative to dependence on Russia

After months of haggling, four European Union nations and Turkey will today sign an agreement to build a massive 3,300-kilometre gas pipeline that will vastly reduce Europe’s dependence on Russia for its gas supplies. The Nabucco pipeline, due to open in 2015, will bring gas from as many as six Middle East and Central Asian suppliers to Austria, providing a vital alternative to the Russian-controlled pipelines through Ukraine that Moscow has twice turned off in the depths of winter in disputes with Kiev.

The mindset in the Kremlin has long been one of zero-sum advantage. Whether under communism or under the authoritarian rule of Vladimir Putin, Russian strategists have assumed that what is of advantage to neighbours or rivals must be of disadvantage to the Kremlin. In all negotiations over nuclear weapons, or arms treaties or, more recently, energy supplies, the Russians find it hard to envisage an equilibrium that is of mutual advantage. This is why Europe's present dealing with Moscow over energy imports are so vexed. Moscow sees its vast gas reserves as a strategic advantage that will ensure its voice is heard, its interests respected. And as long as Europe is heavily dependent on imports from Russia, the Kremlin sees any search for alternatives as a threat to its monopoly and influence.

This is what makes the conclusion of an EU energy treaty so difficult. This is what also makes the prospect of a new gas pipeline, bypassing Russia, so attractive.

Nabucco, the €7.9 billion project, is one of the most ambitious yet attempted to break the virtual monopoly Gazprom now has on Europe's gas supplies. It will supply up to 10 per cent of Europe's total consumption when it opens, and crucially will not be under the control of any single supplier or government. Gas will enter eastern Turkey from three possible directions, exported from Iraq, Egypt, Iran, Azerbaijan, and Turkmenistan. The pipeline will run the length of Turkey into Bulgaria, Romania, Hungary and Austria. Germany's RWE company is also party to the agreement.

Western Europe sees Nabucco as essential to its energy security. But there are risks. Until the last moment Turkey threatened to scupper the deal with a demand to buy 15 per cent of the total 31 billion cubic metres of gas flowing through Nabucco each year. It has now agreed simply to take an unspecified share, with assurances that the pipeline will be built so that gas can also flow west-east, as well the planned east-west, to give it access. The greater commercial risk is the challenge posed by a rival Southern Stream pipeline, being built by Russia, which has signed up several European partners already. Nabucco insists, however, that European demand will continue to grow as indigenous supplies, especially those from the North Sea, decline.

But although Nabucco will join the Baku-Ceyhan pipeline as a way of bypassing Russia, Gazprom will remain by far the largest gas supplier, especially when the pipeline under the Baltic to Germany is opened. It is essential for the European Union to maintain unity in its energy policy if it wants a workable agreement with Moscow. Nabucco's construction is due to begin next year. The partners must now maintain commercial and political discipline if they want an alternative to periodic freezes in the depths of winter.

Nabucco intergovernmental agreement to be signed in Ankara today

<http://en.apa.az/news.php?id=105011>

[13 Jul 2009 11:35]

Ankara. Elmin Ibrahimov –APA. A ceremony of signing the Nabucco

gas pipeline project, which will deliver natural gas from the Caspian countries and other unspecified sources to Europe bypassing Russia and Nabucco Summit will take place on Monday in Ankara, Turkey.

APA correspondent reports from Ankara, senior officials from the transit countries, Hungary, Romania, Austria, Bulgaria, Germany, Georgia, Azerbaijan, Russia, Turkmenistan, Iraq, Syria, Egypt and Qatar, as well as European Bank of Reconstruction and Development (EBRD), European Investment Bank (AIB), European Commission, USA and Nabucco consortium will attend the ceremony. Turkish Prime Minister Recep Tayyip Erdogan, Chairman of the European Commission Jose Manuel Barroso,

Georgian President Mikheil Saakashvili, Romanian Prime Minister Emil Boc, Austrian Prime Minister Werner Faymann, Bulgarian Prime Minister Sergei Stanishev, Hungarian Prime Minister Gordon Bajnai and Iraqi Prime Minister Nuri El-Maliki, EU Presidency envoy Mikael Eriksson, Egyptian oil minister Amin Sameh Samir Fahmy, Syrian minister of oil and mineral resources Sufian Al-Allao, EBRD Director Riccardo Puliti, AIB Director Thomas Barret, chairman of the Nabucco Coordination Committee Werner Auli, US Special Envoy for Eurasian Energy Richard Morningstar, US Senate Foreign Relations Committee Republicans' leader Senator Richard Lugar, EU Energy Commissioner Andris Piebalgs and representatives of the project party companies will join the event.

Azerbaijan will be represented at the summit by Minister of Industry and Energy Natig Aliyev.

Transit issues, acceleration of project work, financial and supply issues, as well as signing of agreement with supplier country and companies will be focused at the summit. According to the summit program, at first participants will hear the speeches and then following the signing ceremony they will hold a press conference.

The Nabucco pipeline is a planned natural gas pipeline that will transport the Caspian natural gas from Turkey to Austria, via Bulgaria, Romania, and Hungary. OMV of Austria, MOL of Hungary, Bulgargaz of Bulgaria, Transgaz of Romania, RWE of Germany and BOTAŞ of Turkey joined Nabucco Gas Pipeline International GmbH consortium. Total investment cost of the project was increased recently from 4.6 billion euro to 7.9 billion euro (12.3 billion USD).

The name Nabucco comes from the same famous opera of Giuseppe Verdi dedicated to Babylon king. The pipeline will have total length of 3,300 kilometers. First part of natural gas is planned to be pumped in 2014.

EU-backed Nabucco to receive legal certainty

<http://euobserver.com/9/28445>

[RENATA GOLDIROVA](#)

Today @ 08:21 CET

EUOBSERVER / BRUSSELS - The Nabucco project, designed to cut the dependence of energy-hungry Europe on Russian gas, will reach an important milestone later today (13 July) as EU governments and Turkey are set to sign a key transit pact.

"The signature will show that we are determined to make the Nabucco pipeline a reality as quickly as possible," European Commission chief Jose Manuel Barroso said ahead of the signing ceremony, which would effectively end six months of intense negotiations on the use of the pipeline.

The 3,300-kilometer pipeline is expected to run between the Caspian Sea region and Austria, crossing Turkey, Bulgaria, Romania and Hungary.

Ankara, for its part, wanted to take 15 percent of the gas flowing through Nabucco at a discounted price for internal consumption or even for re-exportation, but was not granted this.

The Nabucco's entire capacity amounts to 31 billion cubic metres of natural gas per year.

"The [EU-Turkey] agreement is a very significant one," says Karel Hirman, an energy expert from the Slovak innovation and energy agency. "Turkey sought to become a gas dealer, while this agreement will make it a regular transit country profiting from transit fees."

Once the basic legal pact is sealed, companies keen to use the Nabucco pipeline can bid for its capacity by signing contracts with the Nabucco Gas Pipeline International, a consortium consisting of gas companies from the five countries concerned plus Germany's energy giant RWE.

"Things have to be done step by step," the European Commission energy spokesperson Ferran Taradellas Espuny said, explaining that "once the gas is contracted, then you start building the pipeline."

Brussels has put aside €200 million from EU coffers as a "little carrot" for companies to begin construction work as quickly as possible. The incentive is part of the bloc's €5 billion recovery package and so needs to be spent in 2009 and 2010 in order to boost the ailing European economy.

"The Nabucco International Company has to make a proposal of how it intends to spend the money before 15 July," the commission spokesperson said.

Construction is expected to begin in 2011, with the €7.9 billion project possibly up and running by 2015. However, its success hangs by a thin thread, being highly dependent on whether a sufficient number of countries commit themselves to put gas into the Nabucco pipe.

The EU's executive body has put its biggest hopes on Azerbaijan. The country, with proven natural gas reserves of some 850 billion cubic metres, is seen as Nabucco's first source of gas.

In addition, Turkmenistan's president Gurbanguly Berdymukhamedov on Friday (10 July) said that Ashgabat had "a surplus of natural gas available to foreign customers, including the Nabucco pipeline."

Iraq, Egypt and even Iran at a later stage are also seen as potential suppliers, with the commission's Ferran Taradellas Espuny arguing that "the European market, including price conditions, is extremely attractive for gas producers in the region."

But Karel Hirman, a Slovak-based energy expert, pointed to possible competitors such as Russia and China.

"China has intensified efforts to be present in Central Asia," Mr Hirman said, pointing to a pipeline between the Asian tiger and Turkmenistan that should be operational from next year.

The EU-backed Nabucco project gained fresh momentum after Russia at the beginning of the year turned off its gas taps, leaving Ukraine and a number of European customers stranded.

Bulgaria and Slovakia - entirely reliant on Russian supplies - were most affected, with Bratislava claiming the economic damage amounted to some 0.5 percent of the country's gross domestic product.

EU and Turkey settle Nabucco dispute

<http://www.guardian.co.uk/business/2009/jul/12/nabucco-gas-pipeline>

Troubled gas pipeline project gets a boost as governments sign up to transit agreement

guardian.co.uk, Sunday 12 July 2009 16.43 BST

[Ian Traynor](#)

Europe's key project in the contest for central Asian and Middle Eastern gas is to receive a big boost tomorrow when Turkey and EU governments sign a pipeline pact.

Government leaders from a dozen countries are to meet in Ankara to sign an intergovernmental transit agreement on the €9bn (£7.75bn) Nabucco pipeline, the ambitious but ill-fated gas supply project aimed at weakening the Kremlin's stranglehold on Europe's gas supplies.

The 3,300km pipeline, unbuilt and struggling in the recession and banking crisis to secure the necessary funding, is to run from eastern Turkey to eastern Austria, via Bulgaria, Romania, and Hungary and is scheduled to be operational by 2014.

But the project has been mired in disputes and difficulties for two years, raising doubts about its viability, not least because it remains unclear where the annual capacity of 31bn cubic metres of gas is to come from.

Turkey and the EU have been at odds over the terms for the pipeline pact for the past year, with Ankara demanding 15% of the gas at discounted prices, either for domestic consumption or for re-export. The Turkish demand could have killed off Nabucco as a viable business proposition.

As the pivotal transit country – more than half of the pipeline would be on Turkish territory – Turkey has also been locked in dispute with Azerbaijan, a key potential Nabucco supplier, complicating Europe's campaign to secure Azerbaijani gas-delivery pledges.

But following talks in Prague in May, Ankara and EU governments have struck a deal on gas transit, clearing one of the biggest hurdles to the pipeline's realisation.

The European commission described the pact as a breakthrough. The Americans, also keen to weaken Russian control of the gas supply lines to Europe, have been pressing all parties over the agreement and senior US officials will attend tomorrow's Ankara ceremonies.

The EU imports about one-third, or 140bn cubic metres, of its gas from Russia, with Germany the biggest client. But Europe's vulnerability to Russian energy blackmail became depressingly clear in January when the Russian monopoly, Gazprom, closed down the pipelines through Ukraine to Europe because of a pricing dispute with Kiev and left several east European countries without gas in the middle of winter.

Moscow and Kiev are currently embroiled in a renewed row over gas payments, raising the probability of further cut-offs.

The Nabucco project is the central element in the EU "southern corridor", three pipelines in all that are supposed to pump 60bn cubic metres of gas or about 10% of requirements by 2020, bypassing Gazprom's control of the delivery systems.

The Russians, the Europeans, the Americans, and the Turks are all engaged in a complex diplomatic and business contest for Azerbaijani and Turkmen gas.

Nabucco could also pump gas from Iraq and even Iran, if there was a seismic political shift, but Turkmenistan is seen as the key to the pipeline's longer-term viability.

UPDATE 1-Russia free to supply gas to Nabucco-U.S. envoy

<http://www.reuters.com/article/marketsNews/idUSL53505820090712>

Sun Jul 12, 2009 10:46am EDT

* U.S. says Russia can bid for supplying gas to Nabucco

* Iran should not participate in Nabucco at this point

(Adds details, background)

By Selcuk Gokoluk

ANKARA, July 12 (Reuters) - Russia is free to supply gas to the Nabucco pipeline and countries participating in the project must accept it as a partner, the United States special energy envoy said on Sunday.

Richard Morningstar reiterated Washington's opposition to the possible use of Iranian gas in the Nabucco pipeline, after Turkey said Iranian gas could be used in the project.

Transit agreements for the U.S.-backed Nabucco pipeline are set to be signed in Ankara on Monday by Turkey, Bulgaria, Romania, Hungary and Austria. Germany is also a partner in the project.

The European Union has supported the project as a way of reducing its reliance on Russian gas, with possible suppliers for the 7.9 billion euro (\$11 billion) project to include Iraq, Egypt, Iran, Azerbaijan, Russia and Turkmenistan.

"My understanding of the agreement is that 50 percent of the gas that will go into Nabucco is open for competition among any suppliers and Russia is certainly free to participate in that way to supply part of that 50 percent," Morningstar told a panel interview including Reuters.

Countries participating in the project should decide whether to accept Russia as a new partner to Nabucco, he said. Turkey's Energy Minister Taner Yildiz told Reuters late on Saturday Russia can join Nabucco if it sees it as profitable.

The Nabucco project has been unable to find sufficient throughput for the 31 billion cubic metre pipeline, which is competing with the rival Russian-backed South Stream project to freed growing European gas consumption.

Morningstar reiterated U.S. opposition to using Iranian gas a week after Turkish authorities mentioned the country as a possible supplier.

"With respect to Iran, our position is very clear. We do not think that Iran should participate at this point," he said.

Iran has the world's second largest gas reserves, almost 16 percent of the world's total, but has no major net exports, partly because U.S. and U.N. sanctions have deterred investments by Western firms.

"The United states has tried to engage Iran in the discussions as to our relationship and on all issues including the nuclear issue, but that offer of engagement has not been reciprocated at this point," Morningstar said. (Editing by Karen Foster and David Holmes)

Nabucco Gets Boost Before Transit Deal

<http://www.themoscowtimes.com/article/1009/42/379455.htm>

13 July 2009 Combined Reports

Turkey said Saturday that it had dropped its demand to buy 15 percent of the gas from the Nabucco pipeline, a day after Turkmenistan and Azerbaijan signaled they had gas to contribute.

The string of announcements set a favorable stage for Monday, when a raft of transit agreements, which are expected to define where the pipeline will begin, will be signed in Turkey by the architects of the EU and U.S.-backed Nabucco.

The pipeline — connecting Turkey and a major gas hub in Austria — is to be built so that gas can flow in a west-east direction, as well as east-west as planned, Turkish Energy Minister Taner Yildiz said Saturday. The country agreed to abandon its 15 percent demand, which had been a major obstacle to finalizing the deal.

In another boost for the pipeline, seen as a rival to Russia's South Stream project, Turkmen President Gurbanguly Berdymukhammedov said Friday that his country was ready to provide gas for the pipeline.

Russia, the main buyer of Turkmen gas, halted its imports in April after a pipeline exploded, and analysts have said Turkmenistan is losing up to \$1 billion every month in lost revenue.

Azerbaijan on Friday also signaled a possible contribution, raising hopes of securing suppliers to make the pipeline viable.

Yildiz said Turkey also regarded Iran and Russia as future suppliers, but Tehran was not invited because of the ongoing standoff over the country's nuclear program.

Richard Morningstar, the U.S. special energy envoy, said Sunday that Russia was free to supply gas to Nabucco and that participants in the project must accept it as a partner.

(Reuters, AP)

Turkey sticks to its rights in Nabucco project – minister

[http://www.itar-tass.com/eng/level2.html?](http://www.itar-tass.com/eng/level2.html?NewsID=14140262&PageNum=0)

[NewsID=14140262&PageNum=0](http://www.itar-tass.com/eng/level2.html?NewsID=14140262&PageNum=0)

ANKARA, July 12 (Itar-Tass) -- Turkey sticks to its rights in the Nabucco project, TRT television quoted Turkish Energy and Natural Resources Minister Taner Yildiz on Sunday.

Earlier reports claimed that Turkey had waived its right to 15% of gas supplied by the prospective pipeline.

The minister also said they had completed negotiations on gas production and transportation with Azerbaijan and the negotiations ensured Turkish gas needs.

Yildiz told NTV on Saturday that Turkey reserved the right to buy some gas from the future pipeline. "The agreement says that consortium members may receive up to 50% of all Nabucco gas by request. Thus, we may get 15-16 billion out of 31 billion cubic meters of gas," he said.

The minister noted that Turkey could buy no less than 4.5 billion cubic meters of gas carried by Nabucco.

Turkey views Nabucco as a strategic project. Some of the pipeline will go through the Turkish territory, which will make the pricing profitable for domestic consumers. Technically, Ankara is a key partner in the project and it may use this benefit in the determination of gas delivery quotas.

The Nabucco pipeline will transport natural gas from Turkey to Austria, via Bulgaria, Romania, and Hungary. It will run from Erzurum in Turkey to Baumgarten an der March, a major natural gas hub in Austria with total length of 3,300 kilometers. It will be connected near Erzurum with the

Tabriz-Erzurum pipeline, and with the South Caucasus Pipeline, connecting Nabucco Pipeline with the planned Trans-Caspian Gas Pipeline.

The project is backed by the EU and the United States.

The preparations of this project started in February 2002 when first talks took place between OMV and BOTAS. In June 2002, five companies signed a protocol of intention to construct the Nabucco pipeline, followed by the Cooperation Agreement in October 2002.

The deliveries will start in 2015. The pipeline capacity will make up to 31 billion cubic meters of gas.

Russia's aggravating relations with Ukraine and Turkmenistan to give push to construction of Nabucco: ESAI

<http://capital-en.trend.az/oil/oilgas/1503766.html>

13.07.09 10:51

Azerbaijan, Baku, July 11 / [Trend Capital](#) A. Badalova /

Russia's aggravating relations with Ukraine and Turkmenistan will give push to construction of Nabucco gas pipeline, Energy Security Analysis analyst Andrew Reed said.

While attention of Russia and Europe is concentrated on ability of Ukraine to pay for gas and prevent failure of gas export to European consumers, relations between Russia and Turkmenistan rapidly deteriorate, ESAI analyst's report said.

Despite Russia's big ambitions to extend impact in gas sphere, Russia's relations with suppliers and transit countries, especially with Turkmenistan and Ukraine deteriorate. This aspect holds Russia away from European gas importers seeking alternatives to Russia's supplies.

One of these alternatives is Nabucco gas pipeline to transport Caspian gas to EU countries.

Great interest in Central Asian gas obliged Gazprom to offer Turkmenistan better price for gas, as well as take risks for supplies and resale.

"If Gazprom is able to use strategy "to take more and pay more" to expand impact in supplies of Central Asian gas, Russia will be able to hamper realization of Nabucco project and manage several ways of gas supplies both to Europe and Asia," Reed told [Trend Capital](#).

But world financial crisis led strategy of Gazprom to insolvency. "Resisting poor demand and prices, Gazprom will not be able to offer high price for growing volume of Central Asian gas," Reed said.

Roughly 175 million cubic meters of gas per day were supplied to Russia in the first quarter 2009 compared to 150 million cubic meters per day in 2008. But Gazprom reduced supplies from Turkmenistan in April because of disbalance in supplies.

[Nabucco transit deal to be signed](#)

<http://www.euronews.net/2009/07/13/nabucco-transit-deal-to-be-signed/>

An intergovernmental transit agreement for the Nabucco natural gas pipeline will be signed in Turkey later today.

The pipeline, meant to relieve European dependence on Russian gas, is expected to bring Caspian and Middle East gas to Europe as early as 2014.

Representatives from Turkey, Bulgaria, Romania, Hungary and Austria will sign the accord. Germany is also a consortium member but has not transit role.

A firm transit agreement could increase competition between Nabucco and its rival, the Russian South Stream pipeline.

It would allow the EU-backed project to start work on agreements for firms to buy quotas of the pipeline's capacity.

The South Stream project pulled ahead in the race for customers this week, when Azerbaijan promised Gazprom priority in buying gas from one of its major sources.

The signing of the Nabucco agreement has been delayed by demands from Turkey, which has few hydrocarbon resources of its own.

Insiders say Ankara's demands to use 15 percent of the pipeline's capacity for its own domestic use have now been resolved.

Russian Press: Turkmenistan Ready to Supply Gas for Nabucco

http://www.novinite.com/view_news.php?id=105681

[Energy](#) | July 13, 2009, Monday

The Central Asian state of Turkmenistan is ready to become a supplier of natural gas for EU's Nabucco pipeline project.

The Russian newspaper Vedomosti, as cited by BGNES, points to the statement of Turkmenistan's President Gurbanguly Berdimuhamedov that the country was "ready to participate in large international projects, for example - Nabucco".

Vedomosti stresses that was the first time Turkmenistan's leadership admitted it was ready to join Nabucco.

According to the CEO of East European Gas Analysis, Mihail Korchemkin, as cited by Vedomosti, Russia has made a number of mistakes showing to Turkmenistan it was not a reliable partner, and pushing the country to join Nabucco and other projects without Russian involvement.

Another analyst, Konstantin Simonov, Director of the Russian Fund for National Energy Security, points out that the growing ambitions of the Central Asian states based on their energy resources were going to hurt both Russia and the EU, which was now going to have to comply with Turkey - Nabucco's major transit state; at the same time, China appeared to reap the main benefits of the new situation (the Turkmenistan-China gas pipeline via Uzbekistan and Kazakhstan is expected to become operational in November 2009).

The agreement for Nabucco's construction is going to be signed Monday, July 13, 2009, by representatives of Austria, Bulgaria, Hungary, Romania, and Turkey in Ankara. The reliability of the suppliers of natural gas to fill the new pipeline has been questioned. Turkmenistan is the number two natural gas exporter after Russia but until recently the Russian company Gazprom had a monopoly over the purchase of it gas export.

Turkey eyes Iran, Russia in Nabucco

<http://www.presstv.ir/detail.aspx?id=100542§ionid=351020103>

Mon, 13 Jul 2009 06:40:26 GMT

Turkey's energy minister says his country doesn't rule out the possibility of joining Iran and Russia in the Nabucco gas pipeline in the future.

Taner Yildiz told private NTV television that Tehran and Moscow may be involved in the EU- and US-backed project planned to pump gas from the Caspian Sea to Europe via Turkey.

"We should not be surprised if we see Russia as a supplier one day," Yildiz said. "We can also easily see Iran in this project as a supplier in the future."

Turkey, Bulgaria, Romania, Hungary and Austria are expected to sign the multi-billion dollar project Monday to reduce Europe's reliance on Russian energy.

The US has made it clear that it does not support Iran's involvement in the gas pipeline until Tehran 'changes its policies'.

Last month Richard Morningstar, the US special envoy for Eurasian energy issues, said that Iran can only join Nabucco undertaking after the normalization of ties between Tehran and Washington.

He told a group of reporters in Ankara on Thursday that inviting Iran to the project without a resolution to the standoff over its nuclear program could "have a negative effect."

Asked about Iran's nuclear issue, Yildiz said that such gas projects may help improve the international environment.

He noted that his country has information that "some European countries have already signed initial agreements with Iran". He did not disclose the name of the EU states.

The pipeline is to link the Caspian Sea region, the Middle East and Egypt to the European Union via Turkey.

The Nabucco consortium, which aims at decreasing Europe's dependence on Russian natural gas, has been unable to find sufficient gas supplies necessary for the feasibility of the project.

Turkey, which is a member of the consortium, has repeatedly voiced its

support for Iran's involvement in the project.

Turkey, EU countries to sign gas pipeline deal

<http://www.forbes.com/feeds/ap/2009/07/13/ap6645567.html>

By SELCAN HACAOGLU , 07.13.09, 02:32 AM EDT

ANKARA, Turkey -- Turkey and five European Union countries will sign a landmark agreement on Monday aimed at reducing Europe's reliance on Russian energy by running a gas pipeline from the [Caspian Sea](#) region to the EU via Turkey.

The prime ministers of Turkey, Austria, Bulgaria, Romania and Hungary will sign the intergovernmental deal to allow the EU- and US-backed Nabucco pipeline to cross their territory. It will be build by a private consortium.

The projected pipeline would bypass both Russia and Ukraine, making Turkey an alternative energy route between Central Asia and the [Middle East](#) to Europe, potentially enhancing Turkey's hand in overcoming stiff EU resistance to letting it into the elite club of nations.

Turkmenistan said Friday that it is prepared to provide natural gas to the project while Azerbaijan signaled a possible contribution, raising hopes of securing enough suppliers to make the pipeline viable.

"This project can be used as a stimulant in our relations with the EU," Turkey's Energy Minister Taner Yildiz said.

Although Europe will most likely remain to some extent dependent upon Russian supplies, the project would alleviate problems such as the sudden shut-off in deliveries witnessed earlier this year. Russia provides over a quarter of Europe's gas, and 80 percent of that moves over Ukraine's pipelines. The volume of gas from Nabucco in the best case will be no more than 5 percent of Europe's consumption.

"The southern corridor is very important because it will open the door of the Caspian gas-rich region, will provide for an alternative transit route, and will increase competition in the market," EU Energy Commissioner Andris Piebalgs wrote in his blog recently.

European Commission President Jose Manuel Barroso will be present during the ceremony to underscore the importance given to the project by the EU. The United States also strongly supports the project and is represented by the top Republican on the Foreign Relations Committee, Sen. Dick Lugar of Indiana.

Nouri Al-Maliki, the prime minister of neighboring Iraq - a potential gas supplier - and Georgian President Mikhail Saakashvili are also attending.

The 2,050-mile (3,300 kilometer) projected pipeline would run from the Caspian Sea across Turkey to Austria and involves investments of euro8 billion (\$10.26 billion), according to EU data.

Moscow, meanwhile, is pushing hard for alternative pipelines to Europe for its own gas - the so-called Nord Stream through the [Baltic Sea](#) to Germany and the South Stream through Bulgaria. Just two weeks ago, Russia clinched a major natural gas deal with Azerbaijan to buy 500 million cubic meters of gas annually starting next year, striking a blow to European efforts to reduce energy reliance on Russia.

Turkey does not rule out Iran and Russia as future suppliers to the pipeline's 31 billion cubic-meter carrying capacity. Iran has not been invited to the ceremony because of the ongoing standoff over its nuclear program.

Iraq says no gas for Nabucco now

<http://www.iranoilgas.com/news/details2/?type=news&p=current&newsID=4242&restrict=no>

Date: Monday, July 13, 2009

Source: Reuters

Iraq does not have any surplus gas to sell via the planned Nabucco pipeline now as it is focusing on its domestic needs but it may one day supply the project, a government spokesman said on Sunday.

'There is a possibility Iraq will be one of the sources of the gas, but not in the current stage because we don't have surplus gas now,' Ali Al-Dabbagh said.

Dabbagh spoke a day ahead of Prime Minister Nuri Al-Maliki's trip to

Ankara, where transit agreements will be signed paving the way for the 7.9 billion euro (\$11 billion) pipeline, which is expected to pump 31 billion cubic metres of natural gas to Europe by 2014 and reduce European reliance on Russian gas.

Dabbagh said Al-Maliki would attend the signing ceremony but that 'Iraq will not sign the Nabucco agreement because at this point domestic use of gas is Iraq's priority'.

Turkey, Bulgaria, Romania, Hungary and Austria will sign the transit deals.

In May, Baghdad rejected a plan from Iraqi Kurdistan, a semi-autonomous region ruled by minority Kurds, to supply gas to the Nabucco project, intensifying a long-running feud between Iraq's majority Arabs and minority Kurds over oil and territorial issues.

The Iraqi government rejects any Kurdish deals with foreign firms, or exports, without its permission. Baghdad has also said it might someday export surplus gas through the Arab Gas Pipeline to the Middle East and Europe.