

Serbia's participation in the South Stream pipeline will generate \$5.7bln in transit fees

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Serbia's participation in the South Stream pipeline will generate billions of dollars in transit fees and turn it into a regional gas hub, Russian and Serbian officials said on Wednesday.

Serbia, which imports almost all of its annual gas needs from Russia through a single pipeline coming across Hungary via Ukraine, is looking diversify its supply routes.

That effort includes participating in the \$21.5 billion South Stream project through a joint venture with Russia's Gazprom.

The pipeline will transport up to 63 billion cubic metres of gas to central and southern Europe, when it opens in 2015. Moscow has said the diversion of seaborne liquefied gas cargoes from Europe to quake-hit Japan has left a supply gap which more Russian gas can fill.

"South Stream will help Serbia develop national networks and become a regional gas hub... with long-term safe supply," Marcel Kramer, the South Stream Chief Executive Officer told reporters on a visit to Belgrade that also included Prime Minister Vladimir Putin and Gazprom officials.

Kramer, who said details of the pipeline's route will soon be finalized, estimated Serbia's earnings in transit fees from the joint venture would be up to 4 billion euros (\$5.67 billion) over 25 years and that projects would create 2,500 new jobs.

In 2010 Serbia's gas monopoly Srbijagas and Gazprom agreed to set up a joint venture to manage a major underground gas storage facility in the northern town of Banatski Dvor as part of the South Stream.

Srbijagas General Manager Dusan Bajatovic said total investments into the Serbian portion of South Stream, excluding new storage facilities, would amount to 1.5 billion euros.

"The South Stream must be and will be constructed," Bajatovic said. "When you have only one transit route, like we have now from Hungary, then you have a problem whenever someone pulls the plug for whatever reason."

The visit came a day after Russia said it was reviewing three options for the South Stream project since the go-ahead from Turkey for the underwater pipeline is still pending.

Leonid Chugunov, the head of Gazprom project management department, told reporters Turkey has asked for additional documents related to the project and he was confident of

gaining approval.

Turkey, also a major player in the rival, European Union-sponsored \$10.8 billion Nabucco project to pipe gas from Turkmenistan to Europe, has been in discussions with Russia over prices on gas it buys for domestic consumption.

"There were some legal issues in Turkey about the permit to pass the pipeline undersea," he said. "The Turks asked us about the route of the pipeline and as soon as we know it exactly, they will allow us to pass. They are only asking for additional documents."

Source Balkans.com