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## Hungary and Russia sign gas pipe deal

Thursday, 12 Mar, 2009

The Moscow Times reported that Mr Vladimir Putin Prime Ministers of Russia and Mr Ferenc Gyurcsany presided over the signing of a deal Tuesday to create a joint venture that will build the Hungarian section of the South Stream gas pipeline by 2015.

The 24 billion euro project is one of two Russia-backed pipelines intended to diversify European gas supplies by circumventing Ukraine. The deal comes two months after a dispute between Moscow and Kiev disrupted gas supplies for nearly two weeks and left many of Russia's European customers eager to develop alternate transport routes.

Mr Putin told a news conference after a signing ceremony that "It's a major agreement that is needed to ensure the energy security and stable operation of Hungary's energy sector. He said that Russia has enough hydrocarbon resources to meet our own growing needs and the demand of our European consumers for at least 100 years."

Mr Gyurcsany said the deal, which also included plans to help Budapest build a gas storage facility, would help his country improve its energy security. He said that "Hungary is not interested in there being one gas pipeline or one oil pipeline. Hungary is interested in having as many pipelines as possible."

The agreement was signed by Gazprom chief Mr Alexei Miller and Mr Janos Eros president of the Hungarian Development Bank. Gazprom and Hungary will create a joint venture to manage the project by May 15th.

Mr Miller said the partners would have equal shares in the project, which will be operated by Gazprom. Hungary signed onto the South Stream project a year ago following talks between Mr Gyurcsany and Mr Putin, who was the Russian president at the time.

Mr Putin said "Nabucco doesn't decrease the number of transit countries, it increases them, naming Turkey, Azerbaijan and Georgia, all countries that host the Baku-Ceyhan pipeline upstream from the Nabucco. If we aren't able to build South Stream, which I doubt, we'll liquefy our gas and sell it to you for more."

Seen as Russia's answer to the US backed Nabucco pipeline, South Stream is a joint project between Gazprom and Italy's Eni to transport gas from Russia to Italy and Austria through several transit countries, including Hungary, Serbia and Greece.

Announced in June 2007, the project has seen several delays and considerable cost revisions. Last month, the start date for shipments was pushed back from 2013 to late 2014 or 2015 as Gazprom cut investment.

(Sourced from The Moscow Times)

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