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EU nations, Turkey sign Nabucco gas line treaty

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LOS ANGELES, July 14 -- The European Union, as represented by the governments of Bulgaria, Romania, Hungary, and Austria, has signed an intergovernmental agreement authorizing the Nabucco natural gas pipeline project with Turkey.

"I believe that with the arrival of the first gas—and some experts have said this will be as early as 2014—this agreement will open to door to a new era between the EU and Turkey," said EU Pres. Jose Manuel Barroso at the signing ceremony in Ankara.

"This agreement is a significant milestone in achieving our shared vision of opening a new energy corridor that will bring Caspian gas to Europe," said the US Department of State. "While additional hard work lies ahead, signature of the Intergovernmental Agreement is an important step in realizing the Nabucco project," DOS said.

"Nabucco will provide diversification of natural gas that will benefit supply, transit, and consumer countries alike," said US Sen. Dick Lugar, who represented the US government. "It is vital that all of us commit to ensuring that the intergovernmental agreement is implemented fully," he said.

According to US Special Envoy for Eurasian Energy Richard L. Morningstar, who also represented the US at the signing, the agreement will change world energy by increasing "the production of energy in the Caucasus in Central Asia" and by helping to bring "diverse supplies to Europe."

The pipeline is planned to connect the Caspian region, the Middle East, and Egypt via Turkey, Bulgaria, Romania, Hungary with Austria and further on with central and western Europe.

Construction of the 3,300-km Nabucco line is scheduled to start in 2011 and first deliveries of gas are expected in 2014. The project, which is expected to cost around \$11 billion, will eventually have a capacity of 31 billion cu m/year.

But the treaty to advance the pipeline project, which aims to increase EU energy security by diversifying suppliers away from Russia, has not met with universal approval.

Alexey Gromov, deputy director of Russia's State Institute of Energy Strategy, said there is a "political struggle" between Russia and backers of Nabucco.

Russian opposition to the line comes from its own desire to be Europe's main supplier. Indeed, Moscow has been pushing hard for two alternative pipelines to transport its own gas to Europe: the Nord Stream line through the Baltic Sea to Germany and the South Stream line through Bulgaria.

Russian state television, echoing earlier remarks by Prime Minister Vladimir Putin, carried a disparaging report of the signing in Ankara, saying Nabucco's "main suppliers, Azerbaijan and Turkmenistan, will simply not have enough gas."

Russian television went on to say that "Iran and Iraq—taking into account their internal situation—are not credible as participants. And the main party, Turkey, is pursuing more its political goals. So, the start was given to Nabucco, but one wonders whether there will be a finish."

The words echoed the view of Putin who summed up his country's opposition to the Nabucco project in May by scornfully suggesting there would not be enough gas to fill the line.

"Before putting millions of dollars into a pipeline and burying it in the ground, you have to know where the gas for this pipeline is going to come from," said Putin, whose government recently rattled European capitals by signing an agreement for the supply of

gas from Azerbaijan (OGJ Online, July 1, 2009).

In addition to Russia's political concerns over the Nabucco line, the activist Greenpeace organization blasted the Ankara signing on environmental and economic lines, urging countries to invest in cheaper and cleaner energy than natural gas.

"It would be smarter to invest right now in renewable energies, as wind and sun not only do not create carbon dioxide emissions, they don't cost anything either, neither now nor in the future," said Jurrien Westerhof, energy expert for Greenpeace Austria.

"Over the next few years, power from solar energy will become significantly cheaper than natural gas," Westerhof said. "With the Nabucco deal, Austria is committing itself for decades to drawing natural gas from supplier countries in the Caspian region, no matter what the price."

The Nabucco project has six shareholders: Turkey's Botas, Bulgaria's Bulgargaz, Romania's Transgaz, Hungary's MOL, Austria's OMV, and Germany's RWE.

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