

PRESS RELEASE

NATURAL GAS EUROPE

CONSTRUCTION OF BULGARIAN SECTION OF SOUTH STREAM READY TO COMMENCE IN 2013

Sofia, 26 June - Yesterday's conference – South Stream: The Evolution of a Pipeline – held in Sofia, Bulgaria, and hosted by Natural Gas Europe, aimed to discuss the social, economic and environmental implications of the South Stream pipeline. South Stream, a Gazprom venture with a number of partners, will enhance European energy security. It is a key project in meeting the strategy of diversifying the gas routes within the European Union and will run from Varna on the Black Sea to northern Italy, via Bulgaria, Serbia, Hungary and Slovenia.

Much of the discussion focused on the benefits that South Stream will bring to Bulgaria and the region, specifically with regards to job creation and energy security and diversification. Opening the conference, Daniel Papazov, Bulgarian Minister of Transport, emphasized South Stream's importance as a top priority for the Bulgarian Government and maintained that all measures were in place, including the logistics of transport equipment, for construction to commence in Bulgaria. "This project will be implemented very soon," he added.

Dragomir Stoynev, Minister of Economy and Energy in Bulgaria, highlighted the benefits that South Stream would provide to the country, given its position as a regional hub for trading in gas. He stressed that "the Bulgarian Government is making serious efforts to implement this priority as the project is of national significance."

He continued, "Increasing energy security and ensuring the long term stability of natural gas supplies for Bulgaria and the EU countries is the top priority for the national energy policy. The Bulgarian Government is making serious efforts into the implementation of the project. South Stream has great significance not just for Bulgaria, but for the region. The project will create a direct link between the main supplier – Russia – and the main consumer, the EU. With the documents already signed, the Bulgarian Government has made clear its desire to see this project start."

Key to the discussion of the conference was Alexander Syromyatin, Deputy Head of Project Management Department, Gazprom, who emphasised that the company was ready to begin construction on the Bulgarian section of the South Stream pipeline, outlining the proposed timeline for the process which is aimed to begin by the end of 2013 and the first phase to be completed by 2015.

He maintained that "South Stream is an answer to the increased demand in natural gas and will enable diversification of the Russian gas supply routes to the EU, decrease transit risks, guarantee stable gas supplies to Central and Southern Europe and help improve the environment. We are committed to beginning construction as soon as possible, and are working closely with the Bulgarian Government and Bulgarian Energy Holdings to ensure that we can meet that commitment".

In light of the recent political developments in Bulgaria and the appointment of the new government, South Stream could help to strengthen the government's position - and Bulgaria itself - given its potential positive economic prospects in generating jobs and reducing gas prices. According to independent research conducted and presented by World Thinks, a leading research agency, over 68% of the Bulgarian public are overwhelmingly in favour of the project.

Yavor Kuyumdzhev, member of the Bulgarian Parliament commented, saying that "I believe the government will make all possible efforts to encourage implementation. For Bulgaria this project is extremely important and will guarantee thousands of jobs and billions of euros of investment in the Bulgarian economy."

There is an increasing consensus that gas will be the key fuel in the maintenance of the European economy up to 2050. Questions remain about the viability of the development of Europe's shale gas reserves, meaning that the construction of new routes from Russia will be critical in ensuring European competitiveness in the global market. According to the consensus forecast by the world's leading forecast centres, Europe's annual demand for additional gas imports may reach 80 billion cubic metres by 2020 and surpass 140 billion cubic metres by 2030.

The international speakers who elaborated on these issues included Jiri Parouek, former Prime Minister of the Czech Republic, Riccardo Migliori, President of the Parliamentary Assembly, OSCE, and Dragutin Matanovich, Advisor to the Prime Minister of Serbia, amongst others.

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Note to editors:

ABOUT NATURAL GAS EUROPE

Natural Gas Europe is an online publication which provides essential daily reading on European gas matters. As an independent organisation, Natural Gas Europe publishes information and analyses of natural gas issues from its network of correspondents, contributors and media partners. The publication facilitates dialogue and understanding of important questions, including exploration, environment, regulation and energy security.

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