

Russia, Serbia sign South Stream gas pipeline deal

By [Global Research](#)

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Russia and Serbia signed Monday an agreement on implementation of a project to construct a pipeline for the transit of the Russian natural gas through Serbia to the Balkans and on to other European countries.

The agreement was signed in Belgrade in the presence of the Russian First Deputy Prime Minister Dmitry Medvedev and Serbian Prime Minister Vojislav Kostunica.

“This agreement serves interests of both, Russia and Serbia, and lays the foundation for the regime of energy security in the unified Europe,” said Medvedev, who is the Kremlin’s front-runner in the upcoming presidential elections.

The South Stream project envisions transportation of 10 billion cu m of Russian gas annually across the Black Sea.

Russia’s Gazprom Neft signed a deal on the purchase of a 51% stake in the Serbia state-owned oil monopoly Naftna Industrija Srbije (NIS) during talks between the two countries’ leaders in Moscow on January 25.

Gazprom had reportedly offered \$580 million for a 51% stake in NIS amid fears in Europe over perceived growing energy dependence on Russia.

The joint construction of a stretch of a natural gas pipeline with Russia’s Gazprom under the South Stream project will turn Serbia into a regional economic leader, Serbia’s prime minister said.

The South Stream pipeline proposed by Russia’s Gazprom and Italy’s Eni is a rival project to the Nabucco pipeline backed by the European Union and United States, which will pump Central Asian gas to Europe via Turkey bypassing Russia.

The pipeline will run from Russia’s Black Sea coast under the sea to Bulgaria, where it will branch off to different destinations in the European Union, supplying 30 billion cubic meters of gas annually.

Serbia initially planned to sell a 25% stake in NIS for \$300 million and oblige the buyer to invest another \$250 million in the development of the company. The company is estimated as being worth \$1.2 billion.

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