

**Hungary Takes Part in South Stream**

President Putin believes that Nabucco, not supplied with feedstock, cannot be seen as a competitor to South Stream. The Nabucco gas pipeline project to transport gas from Middle Asia has no future so far – like the entire strategy aimed at creating a gas export infrastructure outside Russia. There are several reasons for that: first, the major exporter, Turkmenistan, regularly revises the provisions of the previously signed agreements at its own discretion; secondly, the gas reserves are still uncertain; thirdly, a gas pipeline to China is being built; and, a substantial part of the extracted gas is already contracted by Gazprom.

Evidently, these circumstances encouraged Hungary to join South Stream following Bulgaria and Serbia. Greece is expected to sign up to the project, too. Stakes can be either 50% and 50% (like in the contract with Bulgaria signed on January 18, 2008), or 51% and 49% (like in the contract with Serbia signed on January 25, 2008).

The EU's efforts to build energy independence stimulate development of South Stream, which, on the one hand, is provided with resources and, on the other hand, directly links the exporter with EU members, thus eliminating the transit risks.

Due to these reasons, Nabucco is not likely to rival South Stream at the moment – even though it is supported by certain western states.

By Kirill Lebedev