

Nabucco loses out on Azerbaijan gas pipe deal

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☐ **Abstract (summary)**

None available.

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Nabucco West, one of Europe's most ambitious infrastructure projects, has lost out to a rival in the contest to supply Caspian gas to Europe, bringing to an end one of the most keenly fought battles in European energy politics.

For years, Nabucco has been vying with a smaller venture known as the Trans-Adriatic Pipeline, or TAP, for the right to transport gas from a big offshore gasfield in Azerbaijan to European consumers.

The BP-led consortium that is developing the huge Shah Deniz II field had been due to announce on Friday which of the two export routes it had chosen.

It became clear yesterday that TAP had won after one of Nabucco West's shareholders, the Austrian oil and gas company OMV, conceded defeat.

TAP, which is backed by Statoil of Norway, the Swiss company Axpo and Germany's Eon, declined to comment.

The decision on a route, though a big disappointment for Nabucco, is a milestone in European efforts to create a new southern supply corridor that could tap gas reserves in the Caspian Basin and Middle East, and lessen the continent's dependence on Russian imports.

Nabucco, whose shareholders are BEH of Bulgaria, Botas of Turkey, Hungary's FGSZ, OMV, Romania's Transgaz and GDF Suez, was long favoured by the European Commission because its route passes through countries in south-eastern Europe that are almost completely reliant on Gazprom' gas.

With the emergence of TAP, the commission decided not to explicitly back one pipeline over the other. Socar, the Azeri state oil and gas company, which had also initially supported Nabucco, took a similarly neutral position.

The Nabucco consortium was also forced to substantially scale back its plans when Azerbaijan and Turkey announced they were teaming up to build a Trans-Anatolian pipeline, known as Tanap, which would have duplicated much of the route of the original Nabucco.

People familiar with the negotiations said that ultimately, the decision was made on commercial rather than political grounds - the relative capital cost of each venture, the price the developers were able to procure for Azerbaijan's gas and the operating cost over the life of the project.

Credit: By Guy Chazan in London and James Shotter in Zurich

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