

Natural gas is conquering Macedonia

Possibly a new energy actor

One of the less developed sectors in Macedonia, the energy sector, seems to be about to be tackled. Officials from Macedonia and Russian “Gazprom” have agreed to start negotiations about the possibility of Macedonia joining the South Stream gas pipeline. This project has the objective of achieving sustainable gas supply and greater competitiveness of the Macedonian economy.

The South Stream’s offshore section will run under the Black Sea, connecting the Russian and Bulgarian coasts, and there is a plan for two routes for the onshore section, which will run from Bulgaria northwestwards and southwestwards. Moreover, there are two options for Macedonia: either as a transit country if other countries of the region as Albania and Kosovo are included; or as a side route. After an initial estimation process, precise information about the total cost of the project will be communicated. The whole project could be completed within a period of five to ten years. Finally, a detailed feasibility study will precede Gazprom’s final decision about including Macedonia in the project.

Go East or West?

Playing along pro-European or pro-Russian lines is not left out when dealing with energy and infrastructure. Macedonia has also shown interest in taking part in the Nabucco gas pipeline project, the largest European infrastructure project, which tends to supply the European consumer markets, including Central and Southern Europe, with gas from the richest gas regions – the Caspian region, Middle East and Egypt.

If Macedonia were to be involved in this project, it could make use of two advantages: it would profit from being a transit route and could protect its energy sector from the Russian monopoly. Nabucco and South Stream are in deed perceived as rivals due to the efforts of the Western market led by the EU to defy the Russian dominant position in gas supply.

The energy euphoria in Macedonia doesn’t stop here because there is a third actor upon the horizon: the Turkish company “Igdash” has shown its interest in Macedonia’s gasification at the International Symposium on Natural Gas – the Balkans 2010, which took place this month in Skopje.

The aim of these negotiations is regional integration of Macedonia’s energy sector and creating more competitive investment climate.

Macedonia can be a geographical key actor

The South Stream could be a big opportunity for regional integration of the country in the energy field. Analytica has identified the natural gas¹ as a priority resource for the energy stability in Macedonia. Further recommendations have been made² emphasizing the necessity of positive investment climate and political maturity in Macedonia.

Analytica concluded that Macedonia has an advantageous geopolitical position in SEE and must use it when negotiating with gas supply partners. In this line, the country needs to be focused on lobbying for taking part in the gas supply as a transit country due to the fact that this option will entail additional profit from transit taxes and advantage for supplying other consumer countries.

All and now!

It can be concluded that a positive wind of changes is unfolding in Macedonia’s energy sector. The various and numerous energy actors could only contribute to having more competition on the supply side and making Macedonia more attractive on the regional energy market. However the overall perception is that Macedonia still lacks investments and proper development in the energy sector despite having great potentials.

Written by Ana Stojilovska – Research Fellow

¹ Analytica; [“Natural gas – an energy necessity for Macedonia: Overview of the Macedonian energy potential”](#); retrieved on 14th of October, 2010.

² Analytica; [“Gas pipelines and regional challenges: Assessment of the Macedonian role in the SEE natural gas market”](#); retrieved on 14th of October, 2010.