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## Paper debates pros and cons of selling Armenia-Iran gas pipeline to Russia.

Ayots Ashkar, Yerevan

8/7/2006

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Excerpt from K.Beglaryan's report by Armenian newspaper Ayots Ashkar on 8 July headlined "What will be the destiny of the gas pipeline?"

The construction of a gas pipeline between Iran and Armenia is expected to be finished by the end of the year. And the exploitation of it will begin from next year, at best. We have recently noticed a flurry of activity around this issue. It began after the deputy chairman of Russia's gas giant, Gazprom, Aleksandr Ryazanov, announced plans to acquire the Iran-Armenia pipeline. This is not new. But the Armenian party officially denies this. It is only natural that Gazprom wants to buy the gas pipeline as it provides Armenia with gas and is a co-owner of the local Armenian gas distribution network. Moreover, the Iran-Armenia gas pipeline is of an important strategic significance. By this, Armenia would first of all settle the problem of an alternative gas supply route.

It is very important to our state given that the situation in the region is unstable. On the other hand the gas pipeline has serious prospects. In this context it seems illogical to hand over the Iran-Armenia gas pipeline to a third party taking into account the fact that Armenia managed to get an agreement for its construction with difficulty.

[Passage omitted: reported details on expected volume]

Russia's interest in this gas pipeline is only natural as it is anxious not to lose the Armenian market. Armenia is expected to barter electricity for Iranian gas. That is to say, in this way Armenia would settle part of its problem with the exploitation of the Armenian energy system, the production of extra electricity and its sale. This would give a serious boost to the energy sphere. Finally, it is not so important whether the gas pipeline will be controlled by the state or will be sold. In fact, not much will change because of that. The Iran-Armenia gas pipeline should be used as effectively as possible.

Naturally, there is no sense in selling the Armenian section of that [pipeline] to a third party.

[Passage omitted: reiterates the point]

This does not at all mean that the sale of the gas pipeline should be completely ruled out. Armenia might have to think about its sale if that would open up serious prospects for the country, i.e., the gas pipeline would be turned from a local into a regional one. The Iran-Armenia gas pipeline has such potential and it should not be lost.

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