ADRIATIC PIPELINE
NEW EAST - WEST INTERNATIONAL PIPELINE PROJECTS
AND IMPORTANCE OF ENVIRONMENTAL ISSUES

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WORKSHOP
for the members of WPC-NC, National Oil Industry Association Members and Companies from Central and Eastern Europe

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JANAF MISSION

➢ New transit corridor in Central Europe for Russian and Caspian oil
  ➢ Družba Adria Project
  ➢ Constanța-Pancevo-Omišalj-Trieste (CPOT)
➢ Harmony of oil transportation increase with environment and social responsibilities
ABOUT JANAF

Basic activity
- crude oil transport

Associated activities
- loading and storage of crude oil and oil products

Oil throughput: 120 mil. tons

Equity: USD 270 mil.

Employees: 335

Government postponed further privatization

**Croatian Institute of Pension Insurance 50%**

**Republic of Croatia 22%**

**INA - Oil Industry, Plc 16%**

**Inv. Priv. Funds, Minority Shareh, Others 12%**

**SISAK TERMINAL**

**OMIŠALJ TANKER PORT AND TERMINAL**

**VIRJE TERMINAL**

**SISAK - GOLA**
- L=109km D=28”

**OMIŠALJ - SISAK**
- L=180km D=36”

**VIRJE - LENDAVA**
- L=73km D=12”

**SLAVONSKI BROD SOTIN**
- L=84.2km D=26”

**SLAVONSKI BROD**
- L=156km D=28”

**SISAK - SLAVONSKI BROD**
- L=156km D=26”

**OMIŠALJ - URINJ**
- L=7km D=20”
JANAF TRANSPORT POSSIBILITIES

- Designed capacity
- Installed capacity
- Total Oil Transport

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity</th>
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<tbody>
<tr>
<td>1979-85</td>
<td>0</td>
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<tr>
<td>1986</td>
<td>5,000,000</td>
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<tr>
<td>1987</td>
<td>10,000,000</td>
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<tr>
<td>1988</td>
<td>15,000,000</td>
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<tr>
<td>1989</td>
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<td>1991</td>
<td>30,000,000</td>
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<tr>
<td>1992-95</td>
<td>35,000,000</td>
</tr>
<tr>
<td>1996</td>
<td>40,000,000</td>
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</tbody>
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OMI ŠALJ TANKER PORT AND TERMINAL

- Accommodation of the largest tankers (500,000 DWT) all year around
- Competitive price of (un)loading activities, port dues and transportation fees
- (Un)loading: 2 berths of 20,000 m³/h each and expansion possibility for another 2 berths
- (Un)loading VLCC and ULCC: 20-36 hours
- Existing crude oil tank farm: 760,000 m³ with expansion possibility for additional 1.5 mil.m³
- Port installed capacity: 60 mtpa of crude oil
NEW TRANSIT PROJECTS & ENVIRONMENT

JANAF IN DEVELOPMENT PLANS OF EUROPEAN OIL PIPELINES NETWORK

DRUŽBA ADRIA

- Crude oil transit route
  Russia ~ Belarus ~ Ukraine ~ Slovakia
  ~ Hungary ~ Croatia

- Export - Omišalj Tanker Port
  5 mil. t > 10 mil. t > 15 mil. t
Agreements and cooperation

- The Agreement on cooperation and joint business operation concerning the Russian crude oil transport to the world market with loading via the Omišalj port
  June 20, 2002

- The Intergovernmental Agreement on supporting the project of integration of the Družba and Adria pipelines
  December 16, 2002

Commercial and transit agreements

Investment activities
**JANAF IN DEVELOPMENT PLANS OF EUROPEAN OIL PIPELINES NETWORK**

**CONSTANTA-PANCEVO-OMIŠALJ-TRIESTE (CPOT)**
- Caspian crude oil transit route
  Romania ~ Yugoslavia ~ Croatia/Omišalj ~ Slovenia ~ Italy/Trieste
- Protocol to the INOGATE Umbrella Agreement on the Establishment of an Interstate Oil Transportation System from Constanta (Romania) to Omišalj (Croatia)
  - September 10, 2002
- Feasibility Study (Parsons Energy & Chemicals Group, Inc.)
  - June 2003
  - Grant Agreement between the US Government and the Government of the Republic of Croatia, with the purpose of partially financing the costs of goods and services required for a feasibility study for construction of CPOT pipeline
  - July 22, 2002

**FURTHER ACTIVITIES**
- Cooperation between states and companies
  - Feasibility Study
  - Interstate Committee
  - Emergency Committee
- Promotion activities
- To encourage foreign investment and investors
**BENEFITS**

**JANAF**
- Utilisation of the available capacities
- Increase in profitability
- Modernization and upgrade of the system = development
- Increase of the oil transport safety
- Opening of new possibilities, TAL - new development

**Contribute to**
- Development and growth of Croatian economy
- Stabilization and association process of the Republic of Croatia in EU
- Stability and progress in the region

**GLOBAL ASPECTS**
- Increase of the supply safety - for the customers (divesification,...)
- Lower costs of oil supply through competitive pipelines - for the customers
- Environmental benefits (utilization of existing pipeline, modernization and upgrading ➔ higher safety...)
INTERNATIONAL AND DOMESTIC LEGISLATION

- Energy Charter Treaty
- WTO Rules
- Agreement on Stabilization and Association to EU
- Free access to the existing transport capacities on transparent and non-discriminatory way according to the principle of negotiated third party access
- Safe, efficient, unimpeded and uninterrupted transit
- Efficient use of transport capacities
- Equal conditions of investment for foreign and domestic investors
- Construction, expansion, increase, reconstruction and operation of transport capacities
- Minimizing harmful environmental impacts

ENVIRONMENTAL ISSUES

Environmental policy
- Safety of the system
- Control/Supervision
- Minimization of the risk
- Guarantees of the environmental quality protection
ENVIRONMENT PROTECTION

- ACTIVITIES

- Maintenance, improvement and control of existing system (application of strict international standards)
  - along the pipeline route
  - on the continental Terminals
  - on the Terminal and Port Omišalj

- JANAF has initiated solving of the problems regarding:
  - Ballast water treatment
  - New regulation of tanker traffic through the Adriatic Sea

At the state and interstate levels, & according to EU and international rules

ENVIRONMENT PROTECTION

- BALLAST WATER

Working Group with JANAF for solving ballast water issues

- Expert support to the competent administration authorities for establishing and implementing procedures and legal regulations of ballast water management in Croatia, harmonized with the international requirements

- Solving ballast water issues for Croatian export ports (including also the Port of Omišalj)

Work programme of the Working Group: to select procedures for ballast water management; to issue procedures for ballast water management; to implement risk assessment for individual ports; to prepare bases for ballast water quality standards; to define procedures of ballast water study
JANAF’S TASK

To apply optimal solutions for the purpose of environment protection and biological diversity through
- JANAF activities
- cooperation with ministries, local authorities, scientific and expert institutions
- new legislation and regulation (EU and international)

CONCLUSIONS

- JANAF strong strategic position, opportunities and strength for development of new pipeline projects
  - Družba Adria
  - CPOT
- New oil export route for Russian and Caspian oil toward European and world market

Realization of the projects through technological development with strong social and environmental protection responsibilities