PIPELINE PUZZLE

GIORGI LOMSADZE

Europe and the United States are scrambling to find a way of receiving oil that is outside the long reach of the Kremlin. However some experts doubt the Odessa-Brody-Gdansk pipeline is the answer to their problem.

A way around Moscow?

Despite the headwind from Moscow and an array of obstacles on the ground, proponents of the proposed Caspian-Baltic oil transit route press on to unclench Russia's grip on Caspian oil flows.

On the heels of the October 10 energy summit in Vilnius, stakeholders in the much-talked about- and long-delayed - Odessa-Brody-Gdansk pipeline project agreed to embark on a feasibility study of the route that is meant to carry Caspian oil all the way to the Baltic Sea and onward to Western Europe.

Proponents of the project - Azerbaijan, Georgia, Lithuania, Poland and Ukraine - hope the energy conduit will start in Kazakhstan and cross the Caspian Sea to Azerbaijan. Next, it would run via Azerbaijan and Georgia and across the Black Sea to link up with Odessa-Brody pipeline. Finally, it is planned to extend Odessa-Brody as far as the Polish port of Gdansk on the Baltic Sea coast. The quintet of states will appraise the commercial viability of the project through a joint Sarmatia international pipeline company.

Barren of natural resources, Georgia hopes to further increase its role as a link between energy-thirsty West and the energy-wealthy Caspian by virtue of the project. "Georgia has a geographic location and also some transport infrastructure to offer to the project," Temur Gochitashvili, an expert with the Georgian Oil and Gas Corporation told AmCham News.

With a maximum capacity of 280,000 barrels per day or bpd, the 674-kilometer-long Odessa-Brody was originally built to funnel Caspian oil westward bypassing the congested Turkish Straits and was seen as an alternative to Russian-controlled routes. Moscow has since effectively maneuvered to reverse the intended direction of the pipeline. Now Odessa-Brody serves to carry Russian oil to the Black Sea leaving energy-thirsty Europe faced with the same old set of problems, chief among them being Russia's penchant for politicking over energy supplies and frequent demurrage of tankers at the Bosporus chokepoint. "The route offers an effective way to skirt the Bosporus, which is a major headache for those who carry oil using the Black Sea," Gochitashvili says.

Politics and oil

Whether the project comes to pass is contingent on politics as much as the economics. "This enterprise is mainly political," said Liana Jervalidze, energy expert with Transparency International. "The countries pushing for its implementation are trying to break their energy dependence on Russia and to create a counterbalance to Russia as far as energy transit goes. In strict commercial terms, there are too many caveats on the ground."

In Georgia alone there are a whole slew of issues to consider before getting started with the project.

As it stands now the easiest way to bring Caspian crude to Odessa via Georgia is by rail from Baku to the Black Sea ports of Poti or Batumi, where it will be loaded on tankers and shipped to Pivdenny maritime terminal near Odessa. A significant challenge here is the low turnover capacities of terminals within Georgia and Azerbaijan, and at other points on the eastern Caspian coast. Batumi terminal's transshipment capacity is 240,000 bpd while Port of Poti mainly handles petroleum products.

A cheaper option is to employ Western Route Export Pipeline (WREP). Operated by the BP-led consortium, the pipeline runs 930 kilometers from Sangachal in Azerbaijan to Supsa terminal on the southwest corner of Georgia's Black Sea coast. Transporting a barrel of oil by WREP costs around 20 cents, almost five times cheaper than by railway.

Essentially a refurbished Soviet-era pipeline, WREP is currently closed for rerouting as it faces the onslaught of a landslide in western Georgia and another section is being upgraded on the territory of Azerbaijan. Tamila Chantladze, spokesperson for BP in Georgia, could not specify when the deliveries would be resumed. "It is contingent on weather conditions and how the works progress," Chantaldze told AmCham News.

BP may not be motivated to expedite the re-launch of the pipeline; BTC is over 70 percent operational now so the troubled and low-capacity WREP pipeline has become less economically relevant.

"There is simply not enough load to fill both WREP and BTC, so the preference is given to the latter," said Jervalidze. "Ceyhan is a huge transport hub where you can load very large crude carriers and dispatch them straight to the United States. Shipments from Supsa are made either within the Black Sea basin, or tankers with deadweight of around 120 000-150 000 tons carry the crude from Supsa through Bosporus and Dardanelles and further afield."

With a throughput capacity of 155,000 barrels per day, WREP is dwarfed by BTC, which transports up to 700,000 barrels daily.

Georgian oil and gas authorities do not rule out construction of a new pipeline in Georgia, but say that all depends on the outcome of the feasibility study. Whatever the transport option may be, Jervalidze thinks the enterprise is too pricy to complete.

"Transshipment capacity of terminals on the Caspian and Black Seas must be increased. First you have to extend Odessa-Brody to Plock (in central Poland) and then to Gdansk. All of this involves enormous costs, but it is not clear if the outcome justifies the cost," she said.

Russian influence

Developments outside Georgia have also been discouraging for the project.

Russia didn't stand idle as its neighbors were working hard to elbow Moscow aside. The recent top-level agreement to get the Russian-led Balkans pipeline project off the ground augurs ill for Odessa-Brody-Gdansk. The pipeline envisages carrying a daily maximum of 800,000 barrels of Russian and Caspian oil from Bulgarian Black port of Burgas to the Greek port of Alexandroupolis on the Aegean Sea. The Caspian Pipeline Consortium is pumping some 700,000 bpd of oil from Kazakhstan's gigantic Tengiz field and some Siberian crude to Russia's Black Sea Coast of Novorossiysk. Once the Balkan pipeline is complete, the tanks will be plying between Novorossiysk and Burgas, creating an effective transportation chain for oil exports from Kazakhstan.

Also, many commentators note that such heavyweights within EU as France and Germany on the oil import issue opt to deal with Russia rather than Ukraine or the new member states that champion Odessa-Brody-Gdansk.

Perhaps the biggest challenge to the Odessa-Brody-Project lies at the upstream level. The key to success is getting oil-rich Kazakhstan onboard, but Astana has been dragging its feet so far. Although Kazakhstan is looking for alternative ways to export its hydrocarbon riches, it has shied away from expressing open support to the initiatives that may vex Moscow.

This may mean that Odessa-Brody-Gdansk would rely entirely on supplies from Azerbaijan, which analysts think would be a tall order for Baku. "Azerbaijan doesn't produce enough oil to supply Odessa-Brody, especially considering that it already has commitments to BTC," Javelidze said.

Another prominent international expert is even less reassuring. "Odessa-Brody-Gdansk is dead, but I don't want to be the one who officially kills it," the expert told AmCham News, asking not to be identified. "Russia controls Kazakhstan and would never let it join it [Odessa-Brody-Gdansk]."

The advocates of the route are not daunted by such skepticism and point out that in the beginning the BTC project was also ridiculed, as it was neither the cheapest, nor the shortest transportation option.

The quintet of countries will decide what's next for the Odessa-Brody-Gdanks project after discussing findings of the feasibility study at a summit to be held in Kiev in 2008.

CZY WEJŚĆ DO NORD STREAM?

MIROSŁAW GRELIK

Pytanie o to czy wejść do organizacji NordStream jest retoryczne, bo nikt tam nas nie zaprasza... Ale można rozważyć hipotetyczne przesłanki takiego uczestnictwa.

1. Jednym z powodów, dla których Rosja forsuje koncepcję Nord Straem jest ominięcie Polski jako kraju tranzytowego dla rosyjskiego gazu. Gazprom mówi o „dywersyfikacji" kanałów dostaw gazu do Europy Zachodniej i zwiększeniu tym samym bezpieczeństwa dostaw. Z punktu widzenia czystej logistyki transportowej jest to racjonalne i dlatego „racjonalnie myślące" państwa zachodnie popierają ten projekt.
2. Nord Straem stworzy techniczne warunki do czasowego wstrzymania lub zmniejszenia dostaw gazu tranzytem rurociągiem Jamalskim bez narażania „Zachodu" na katastrofę braku rosyjskiego gazu. Ta techniczna możliwość wstrzymania dostaw gazu „Jamałem" bez dotkliwych konsekwencji dla „Zachodu" (a więc i dla Rosji) stwarza polityczny potencjał gospodarczo-politycznego nacisku na Polskę poprzez groźbę wstrzymania przez Gazprom dostaw Jamałem do Polski.
3. Zagrożenia tego rodzaju nie należy demonizować; z „Jamału" Polska odbiera ok. 2,8 mld m^3 gazu rocznie z tłoczonych tam ok. 28 mld m^3 rocznie, a ryzyko „zastopowania" dostaw gazu „Jamałem" przez Gazprom z przyczyn inne niż techniczne jest niewielkie.
4. Problem należy więc zdefiniować na innej płaszczyźnie. Doświadczenia ze wspólnego z Gazpromem zarządzania tranzytowym, polskim odcinkiem „Jamału" przy pomocy firmy „EuroPolGaz" są zdecydowanie negatywne. To jedno wielkie pasmo konfliktów, długotrwałych „patów decyzyjnych", wzajemnych oskarżeń, nieufności, spraw sądowych i braku uczciwych, biznesowych rozliczeń.
5. To złe doświadczenie współpracy z Gazpromem w przedsięwzięciu pt. „EuroPolGaz" każe zdecydowanie unikać wchodzenia do organizacji, gdzie większościowy pakiet ma nasz „szorstki partner" z „EuroPolGazu" i gdzie na pewno nie bylibyśmy partnerem.
6. **„Rurociągi**" opublikowały w 2006r. mój artykuł, gdzie przedstawiono koncepcję budowy drugiej nitki Jamału jako przedsięwzięcia międzynarodowego, z udziałem firm gazowych Niemiec, Polski, Bialorusi, Litwy, ewentualnie Łotwy i Estonii oraz oczywiście Gazpromu ale nie jako udziałowca dominującego ale partnera o poważnym statusie. Podkreślenia wymaga przyjęcia założenia, że Jamał II International nie ma być alternatywą dla Nord Stream ale projektem niezależnym, gdyż dostawy samym Nord Stream' em będą niewystarczające w 15-20 letnie perspektywie zapotrzebowania UE. Udziałowcami w takim przedsięwzięciu mogłyby być europejskie instytucje finansowe takie jak Europejski Bank Inwestycyjny i EBOiR. W tak pomyślanym projekcie urzeczywistniłaby się idea „gazowej solidarności" Europy, wyrażona w ostatniej (z listopada 2007) „Białej Księdze" Energetycznej UE.
7. Ale w takim projekcie, projekcie partnerskim, bez „hegemona" Gazprom nie chce uczestniczyć...