

What will pipeline bring to Pacific?

The Vladivostok News

Oil for Japan, cash for Moscow, economic boom to Primorye, headache for ecologists.

The Russian government in December gave its final approval to the idea of the Pacific pipeline, which is expected to increase export opportunities throughout East Asia and to the United States.

Following a decision over the new year to approve a Japanese-proposed route over one that would have benefited China, the government ordered Transneft, Russia's oil pipeline monopoly, until May to present a feasibility study for an estimated 11.5 billion pipeline, expected to ship 80 million tons of oil per year.

Transneft will build the line from the town of Taishet in Eastern Siberia, through Skovorodino near the Chinese border and to the port of Nakhodka in Primorye.

Energy-thirsty Asian rivals Japan and China have been energetically competing for several years for access to supplies from the world's second biggest oil exporter after Saudi Arabia. But the 4,130-kilometre (2,560-mile) link to Nakhodka became the preferred variant after talks with Japan, which promised to finance its construction.

Russia also accepted Japan's argument that the Pacific route would enable it to export oil to several countries, including many in Asia as well as the west coast of the US. The original plan to pipe oil to Daqing, China's traditional energy centre in the north-east, was much shorter, and cheaper but would have locked Russia into the Chinese market.

"Russia and Japan share a view that the pipeline should go to the Pacific coast," Russian Industry and Energy Minister Viktor Khristenko was cited by national media as saying after recent meeting with Japanese Foreign Minister Nobutaka Machimura.

"Bringing Russian oil there will enable to find customers not only in Japan but in the entire Pacific region," Khristenko said on January 14.

Still there is a possibility that a branch of Russia's Pacific pipeline could be diverted eventually to China, where energy demand continues to outpace supply, although there was no mention of this in the government's December statement. However the fact that the pipeline would go through Skovorodino, 50 kilometers from the Chinese border, indicates possibilities for such branch.

Russia has invited Japan and China to participate in further oil-field exploration and development in Eastern Siberia to ensure there will be enough oil in the region to make the project viable.

According to news reports Khristenko also noted that, "Russia is seeking low-cost loans from Japan to build the pipeline to the Pacific coast and will allow Japanese companies to bid for East Siberian oil fields that would help fill the link." Khristenko declined to say how much Russia is seeking in loans but said that Russian President Vladimir Putin will continue the talks when he visits Japan later this year.

The pipeline which is expected to bring oil to Japan and cash for Moscow, will undoubtedly have a serious impact on Primorye and can cause either economic boom or ecological headache, local news reports said.

According to Zolotoi Rog business weekly, 448 kilometers of the pipe will stretch through Primorye with the terminal point in Perevoznaya in the Amur Bay where two nature reserves are located. Kedrovaya Pad and Marine Reserve will be negatively affected with the start of construction works and navigation of oil tankers

According to calculations given by Zolotoi Rog about 400 tankers of 130, 000 deadweight will be necessary to transport the planned volume of exported oil. All of them will navigate in the waters of the Amur Bay near Vladivostok which is already notorious for high level of pollution.

However the project can also bring economic boom for Primorye in case local companies are invited to participate in the project. Taxes to the region's purse and creation of working places, as well as construction of an oil terminal and an oil refinery, are considered to help develop local economy and infrastructure. The pipe can become a connecting line between Moscow and its forgotten Far Eastern territories.

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