

The CEE Bankwatch Networks Mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation

CAN THE AMBO PIPELINE MAKE EVERYONE HAPPY? OVERVIEW OF THE PROJECT AND ITS POTENTIAL IMPACTS ON THE ENVIRONMENT

The AMBO project (Albanian Macedonian Bulgarian Oil) consists of the construction of an oil pipeline from the port of Bourgas (Bulgaria) through Bulgaria, Macedonia, and Albania to the port of Vlore (Albania). The 894.5 km long pipeline has been designed to facilitate the transfer of 30-40 million tonnes crude oil per year from the Caspian region to the Adriatic Sea and further – to the EU and the US. The debate around the project has so far taken 13 years and is not over yet. Total project costs are estimated to be USD 1.8 billion.

On January 31, 2007 a tri-lateral convention for the construction of AMBO was signed in Skopje. This tripartite agreement needs to be ratified by the Parliament in each of the countries. Project Companies would then be established in the partner countries.

Environmental studies (SEA and EIA) are expected to be completed within 2 years and the construction itself would take another 3 years. Albania and Macedonia lack secondary legislation on SEA and experience in SEA and EIA procedures, giving rise to concerns that the process may not result in an adequate level of public participation. In Bulgaria experience of SEA is also limited and so far has not inspired confidence about the thoroughness of the process.

The project might be portrayed by the AMBO Corporation as safe, necessary for the region, bringing economic development and new jobs, but in reality, as any other pipeline construction, it will pose a significant threat to the environment.

Increased risk of oil spills in the Bourgas Gulf area

The port of Bourgas is already heavily polluted with various substances, including quite regular oil spills from the crude oil tankers. In 2006 Lukoil paid the regional environmental inspectorate just under EUR 1.5 million in fines for damage to the environment. There is also pollution from the existing pipeline leading from the port to the Neftochim refinery, caused by leakage and illegal draw-outs. In addition, according to local people, there are an unknown number of war-mines on the seabed in the Bourgas Gulf, which may cause safety problems during digging works.

Public opposition to Vlore industrial energy park

AMBO would be an integral part of the “Vlore Energy Park”, comprising in total seven new thermal power plants (on refined oil), an oil refinery and an oil storage facility. The oil complex will be situated at Vlore Bay, which until now has been Albania’s most popular tourist area, and might encroach on the Narta Lagoon protected under the Ramsar Convention on Wetlands. For several years there has been strong opposition from Albanian citizens and as a result the Albanian government has requested the AMBO Corporation to change the location of the oil terminal. The EBRD and IFC have already approved financing for the first oil thermal power plant in spite of extreme problems with public participation, which resulted in an Aarhus Convention ruling in favour of the Alliance to Save the Vlore Bay and World Bank Inspection panel’s investigation into the case.

Crossing protected areas

According to the Environmental Feasibility Study of 2001 the proposed route would cross important conservation protected areas with a significant number of endangered animal and plant species. The ecological sites include:

- Gorge of Peshti Monument of Nature, Macedonia
- “Atanasovo” Lake Reserve, Bulgaria
- “Vitoshka” Nature Park, Bulgaria
- “Ostrica” Reserve, Bulgaria

- “Rila” National park, Bulgaria

Seismic activity on the pipeline route

The whole area of the proposed AMBO route is known to be seismically active, and it is unlikely that the effects of serious earthquakes on an underground pipeline could be mitigated by any known measures. The option of building the pipeline above ground, which is the safest option from the point of view of seismicity, entails other risks such as illegal draw-outs.

Questionable economic and social benefits

Experience from the EBRD-financed Thessaloniki-Skopje pipeline from Macedonia to Greece shows that employment benefits for local people were minimal and very short-term. The majority of professional staff were brought in from abroad and the local people who worked on construction and as guards were employed on a very short-term casual basis.

The economic benefits for Macedonia from the Thessaloniki-Skopje pipeline are similarly dubious. In 2005 a dispute arose over the revenues from the oil transport, in which the government of Macedonia claimed it was being deprived of revenues and alleged that Hellenic Petroleum was falsely claiming that it had no profit for that year in order to avoid revenue payments.

Climate change impact

The amount of oil that would be delivered by the AMBO pipeline would induce more than 100 million tonnes of CO₂ per year. This exceeds the annual Bulgarian, Macedonian and Albanian CO₂ emissions combined.

Conclusions and recommendations

It is likely that AMBO will cause serious environmental damage locally, including biodiversity loss, the risk of oil spills and adverse climate impacts globally. The benefits of the project for the transit countries are largely unproven. Transit revenues may not be sufficient to cover losses in the tourism sector and the costs of potential accidents. Other benefits claimed for the project, such as increased employment, are unlikely to be significant enough to justify the environmental damage and economic damage to the tourist sector.

In view of the above, it is clear that the EBRD and other IFIs should not use public money to finance AMBO.

For more information

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