



# Who wants it? Who needs it? The Vlora coastal terminal, Albania

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## **Background**

A siting plan for a hydrocarbons terminal adjacent to the southern Albanian harbour town of Vlora was conceived by the Albanian government in 2001. The project was approved in 2003, and a year later a concession agreement with an Italian investor – La Petrolifera Italo Rumena – was signed on the basis of an unsolicited proposal. Part of the agreement included a set of generous incentives, enabling the Italian company to purchase 183,000 square metres of the project area for a symbolic price of 1 euro<sup>1</sup>. In addition, the concession granted the company the right to be the sole operator in the Bay of Vlora.

The project consists of a storage terminal for LPG, oil and its by-products with a capacity of around 60,000 tons/year LPG and 400,000 tons/year diesel/oil/gasoline and related marine infrastructure (the jetty and breakwaters). The project's estimated costs are EUR 50 million, out of which one third is being requested from the European Bank for Reconstruction and Development (EBRD). The terminal is to be located inside the industry park near a thermo-power plant which has already received lending support from the EBRD, European Investment Bank and the World Bank's International Development Association.

## **The impacts of the Vlora development**

The beach at the Vlora Bay is a popular recreational spot for Vlora inhabitants as well as for tourists. Because of this Vlora has been considered by the Ministry of Tourism, Culture, Youth and Sports as the queen of Albanian tourism for two consecutive years. Building the terminal alongside the thermo-power plant and potential other industrial facilities will substantially undermine the further development of Vlora's tourism potential and hurt the emerging private tourist enterprises. Approximately 280,000 tourists visited the city in 2007, while about 1500 hotels, restaurants and other services accommodated tourist needs by employing around 5000 people<sup>2</sup>.

<sup>1</sup> law no. 9231, date May 13th 2004.

<sup>2</sup> Interview with Edmond Leka, Chairman of the Chamber of Commerce and Industry Vlore – Albania, October 22, 2007

*Fishing constitutes an important economic activity for the local population in Vlora. It is practised in the Bay of Vlora as well as within the Vjosa–Narta Landscape Protected Area. The operation of the terminal with tanker traffic and potential spills from the loading/unloading process pose a serious risk for this industry, particularly for subsistence fishermen.*

*The proximity of the project to the Narta lagoon and wetlands poses pollution risks for this unique biotope. Any harm to the fragile lagoon ecology may in turn harm the subsistence fishing and small salt industry in the area.*

### **Environmental procedures**

*Another set of problems derive from the Albanian government's lack of capacity to monitor and enforce environmental legislation and the country obligations under the Aarhus Convention. The failure of the Albanian government to comply with the requirements of access to environmental information and public participation with regards to the energy park was determined by the Aarhus Convention Compliance Committee in July 2007. Despite the fact that the EBRD was well aware of the problems related to the Vlora thermo power plant it failed to ensure that the terminal's assesment would be conducted fully in line with its policies and procedures.*

*The environmental impact assessment (EIA) omitted completely to assess the relocation needs. As a result, several families were resettled involuntarily without adequate compensation. Some people were forced to leave as their water and electricity supply were cut. The local state authorities failed to provide them with any support and protection. In this aspect the EBRD failed to oversee the implementation of IFC OD 4.30 on Involuntary Resettlement, which the EBRD Environmental Policy refers to.*

*The key problem is the lack of a Strategic Environmental Assessment to evaluate the complex industrial and energy developments in the Vlora region and their impacts on the environment.<sup>3</sup> The EIA underestimates the cumulative impacts of the projects.*

*Despite the government's backing for the project, Vlora citizens have strongly opposed the project, initiating a petition (supported by 14,000 signatures), two requests for a local referendum and numerous civic actions. The first request for a local referendum against the energy and industrial park was filed in 2005 by the Civic Alliance for the Protection of the Vlora Bay to the National Election Committee. The second request was submitted by the Vlora City Council in October 2007 against the terminal. Both requests were rejected on formal grounds.*

*The street protests against the terminal intensified following the commencement of the construction works. The protests at the turn of the year and in spring 2008 were met with police repression. A protest organised in May saw the arrest of six Vlora citizens; three Civic Alliance members were kept in prison in inhumane conditions and are currently awaiting trial.*

### **Conclusions and recommendations**

*It is evident that up to now the Vlora terminal has provoked strong local opposition. There is a lack of local and national monitoring to cope with this high risk terminal. It is likely that the terminal will cause serious damage to the*

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*The Albanian-Macedonian-Bulgarian oil pipeline (AMBO) is also projected to have as an end point the Vlora Bay*

*local community including jeopardising the tourism industry, increasing the risks of oil spills not to mention its contribution to global climate change. The economic benefits being claimed for the project, such as increases in employment, are insignificant compared to the predictable loss of jobs in the tourism sector.*

*Therefore, we, as representatives of Albanian civil society, call upon the EBRD Board of Directors not to finance this project*

***For more information***

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