

# Amur Leopard and Tiger Alliance (ALTA)

## Pacific Pipeline Update

June 2005

### – UNESCO objects to terminal on Amur Bay –

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*With an estimated cost of \$11 billion to \$17 billion, the pacific pipeline will be Russia's most expensive infrastructure project to date. The total length of 4,188 kilometers will make it the longest oil pipeline in the world. And there is another area where the project is competing for first place: environmental damage.*

#### **Terminal at Perevoznaya increases likelihood of accidents 17 times**

The Far East branch of the Russian Academy of Science recently organised a press conference in cooperation with WWF Russian Far East and Phoenix Fund. According to the Academy of Science the risks of a major accident with the oil tankers travelling to and from the Perevoznaya terminal will be 17 times higher than if a terminal site near Nakhodka is selected. The sea is shallow at Perevoznaya and as a result the terminal has to be built almost 2 km offshore. Oil spills in open sea at 2 km from the coast are impossible to contain and currents will quickly spread the oil over a large area. Oil spills will threaten the nearby beaches visited by tens of thousands tourists annually as well as the coasts of



*The risk that an accident like this will happen increases 17 times if Perevoznaya is selected. With 500 tankers visiting the terminal annually, a major catastrophe is almost certain to happen sooner or later. (picture from a presentation by Sergei Moninets of the Sea Protection Institute, Vladivostok)*

Vladivostok located opposite of the terminal on the Amur Bay. As a result an accident in the Amur Bay near Perevoznaya will do 4 times more damage than a similar accident near Nakhodka.

Transneft and the Primorsky Krai administration claim that many alternative terminal locations have been compared and that Perevoznaya always came out best, both from an economic and environmental perspective. However, Transneft has refused to publish reports that substantiate these claims. The reports from the Russian Academy of Science, in contrast, are available on internet: [www.wwfrfe.ru/files/ocenka.zip](http://www.wwfrfe.ru/files/ocenka.zip) and [www.phoenix.vl.ru/ru/index.htm](http://www.phoenix.vl.ru/ru/index.htm) (unfortunately, presently the reports are only available in Russian).

In spite of the apparent risks and environmental damage Transneft continues to promote Perevoznaya as terminal location and wants to start building as soon as possible. Transneft gave a presentation about the pipeline project to the Primorsky Krai parliament and organised a trip for a delegation of parliamentarians to an oil terminal on the Baltic coast on the other side of Russia. The pipeline project was discussed in parliament on 25 May 2005 and the parliamentarians decided not to object to a terminal at Perevoznaya. Scientists of the Russian Academy of Science who wanted to provide information about the risks involved in a terminal at Perevoznaya were not given an opportunity to address the parliamentarians.

#### **Khabarovsk court suspends favourable conclusions of pipeline EIA**

A Khabarovsk court decided to investigate complaints about irregularities during the Environmental Impact Assessment of the Pacific Pipeline Project. NGOs have complained, among other things, that Transneft has not made project documentation available, that public hearings were not announced

properly and that alternative routes and terminal locations have not been given proper consideration. The conclusions of the EIA were favourable for the project, but the court decided that the conclusions are suspended during the investigations that will take an indefinite amount of time. The court ruling means that the decree of Prime Minister Fradkov on 31 December 2004 to build the Pacific Pipeline from Taishet to Perevoznaya has lost its legal grounds. Suspension of the decree itself is now a possibility, but this would require a separate court ruling.

### **UNESCO objects against a terminal at Perevoznaya**

A terminal at Perevoznaya poses a threat to 2 UNESCO Biosphere Reserves. The Kedrovaya Pad Biosphere Reserve is home to the Amur leopard, with a remaining population of 30 individuals probably the world's rarest big cat. The second Biosphere Reserve is Russia's only marine reserve, located on the Amur Bay close to the tanker routes to and from Perevoznaya.



*One of the 30 Amur leopards remaining in the wild. The photo was made with a camera-trap. A second camera-trap is visible on the tree behind the leopard (photo courtesy WCS).*

The Russian UNESCO Man and Biosphere Committee has advised the Ministry of Natural Resources not to allow a terminal to be built on the Amur Bay. The ministry is responsible for a final EIA (Environmental Impact Assessment) that is presently conducted of the pipeline and the proposed terminal on the Amur Bay.

The Primorsky Krai branch of the ministry has publicly objected to a terminal on the Amur Bay. However, many fear that the ministry will not oppose the strong pro-Perevoznaya forces that include Transneft, governor Darkin and his Primorsky Krai administration.

A recent article in the Moscow Times describes that Darkin wanted to force oil transfer companies in Nakhodka into bankruptcy in order to acquire their assets. According to the article Darkin only started to promote Perevoznaya as terminal location after his attempts to get a foothold in the Nakhodka oil business failed.

### **Decision to build the pipeline in 2 stages**

Russia's Industry and Energy minister Viktor Khristenko has announced that the Pacific Pipeline will be built in two stages. During the first stage the terminal will be built at Perevoznaya on the Amur Bay and the first half of the pipeline from central Siberia to Skovorodino, close to the Chinese border. During the second stage the pipeline will be extended to the Sea of Japan and linked to the terminal at Perevoznaya. Oil will be transported by rail to Perevoznaya until the pipeline has been completed.

### **No western and Japanese funding for the first stage**

Transneft recently secured a \$US 250 million project loan from western private banks for the Baltic pipeline project. However, it came as no surprise that Transneft does not solicit project funding for the 1st stage of the Pacific Pipeline project from public and private banks from developed countries. Transneft considers building the pipeline at less than 1 mile from Lake Baikal and the pipeline will cross the lake's main tributary. Shell's offshore pipeline at Sakhalin threatened 1 population of rare Grey whales, but a terminal of the Pacific Pipeline at Perevoznaya would threaten 50 endangered species that occur only in the vicinity of the proposed terminal location. As a result of the enormous environmental damage, the first stage of the project stands no chance of passing the environmental assessments of banks from developed countries. However, Transneft can solicit funding for the

second stage. Once the terminal has been built, Transneft and the banks can argue that the additional damage resulting from linking the terminal to the pipeline will be marginal.

### **Japan parties refuse a dialogue**

A terminal at Perevoznaya is not in Japan's interest. Oil spills in the Amur Bay threaten spawning grounds that are important for both the Russian and the Japanese fishing industries. Japan has suffered from spills from tankers transporting oil from Primorsky Krai to Japan. A terminal at Perevoznaya creates two large oil export ports in Primorsky Region, rather than one. Focusing investment on Nakhodka would make it possible to improve safety standards there, thus decreasing overall risk for Japan.

Unfortunately, Japan does not object to a terminal on the Amur Bay. The topic is so sensitive, that Japanese parties have refused to discuss the environmental aspects of oil infrastructure projects with Russian environmentalists and scientists. As many as 40 NGOs signed a petition requesting the Japanese Prime Minister and his cabinet to urge Russia not to build the terminal on the Amur Bay. No answer was received. The Japanese public bank JBIC has stated that it can not discuss the Pacific Pipeline and related oil projects with Russian scientists and other "third parties" until it has received official loan requests for these projects. However, JBIC representatives participated in the Japanese business delegation that visited the proposed terminal site at Perevoznaya in April 2005. The Krai officials and private Japanese companies that accompanied JBIC on this trip are also "third parties". It is ridiculous to suppose that the participants did not discuss the projects during the 6-hour drive to and from the terminal location. ROTOBO (the Japanese Association for trade with Russia and Europe) first promised to provide contact data of the Japanese participants, but it withdrew its offer after the companies objected to having their contact data made available.

A positive exception is the Mizuho Corporate Bank. Mizuho is Japan's largest bank and the only Japanese signatory party to the "Equator Principles". These principles are environmental guidelines for project financing by private banks. One of the guidelines is that projects financed by private banks should meet the same environmental conditions as projects financed by the World Bank. Mizuho participated in the business delegations to Primorsky Krai and has provided financing for other pipeline projects of Transneft, but the bank does not want to disclose if it has concrete plans for participation in projects at Perevoznaya. However, Mizuho is willing to meet and discuss the environmental aspects of oil infrastructure projects in Primorsky Krai with Russian environmentalists and scientists when an opportunity arises during a future trip to Russia.

### **Greenpeace and Russian Ministry uncover illegal building activities 1 mile from Lake Baikal!**

Greenpeace Russia and the Russian Ministry of Natural Resources held a joint press conference on 15 June 2005. Their investigations at Lake Baikal, Russia's most famous UNESCO World Heritage Site, uncovered that Transneft carries out illegal building preparations at less than one mile from the shores of the lake.

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