



NATURAL GAS PIPELINE: TURKMENISTAN-EUROPE VIA UKRAINE

A \$7 billion natural gas pipeline, established by three companies, is to be built linking Turkmenistan to Europe. The founding conference in Ankara, Turkey was attended by 30 companies and banks but problems of financing remain acute. The pipeline would travel through Iran and Turkey, thereby bypassing Russia. 35% of the project cost would be raised through equity holdings by government or state companies and the remainder from international financial institutions. Ukraine is a member of the project consortium. The conference was also attended by Iran, Turkey, Kazakhstan, Russia and Turkmenistan.

INVITATION TO INVEST IN MYKOLAYIV OIL REFINERY

Ukraine's Black Sea port of Mykolayiv has invited foreign and domestic companies to invest in a project to build an oil refinery. Investors will have a share in the operation of the new refinery which is forecast to

eventually possess nearly 10% of Ukraine's demand for petroleum products. The state's contribution will be limited to existing buildings and moorings at the port's ore transshipment complex.

ODESSA OIL TERMINAL

On 19 January the Ukrainian parliament voted by 208:83 in favour of resuming the construction of the Odessa Oil Terminal, halted last June due to environmental fears. The vote was opposed by the communist fraction in parliament although President Kuchma supported it as vital to Ukraine's national interests by freeing the country from dependence on Russia. The oil terminal when completed will have a 40 million ton capacity and it is hoped that the oil will be delivered either via the Turkish port of Samsun or via Georgia. The costs will be covered by an unnamed Western company and are initially estimated at \$275 million. The first phase of the terminal will be completed within 18 months.

The indebtedness of Ukraine for Russian energy is more than \$1.2 billion. Ukraine is the largest oil/gas consumer among CIS countries: in previous years, oil imports

were more than 45 mln. tons per year. The slowness of Ukraine in looking for new sources of oil and gas supplies can be partly explained by the lack of hard currency and by the absence of a terminal for the import of crude oil. The Odessa oil terminal project will help alleviate this problem.

(Excerpts from *Ukraine Business Review*, March, 1995.)

Canada Aids in Rehabilitation of Hydro Power Stations

The World Bank Board of Directors has offered Ukraine a US\$114 million variable interest rate loan for technical rehabilitation of the country's hydro power stations. The loan is to be repaid in 17 years, including a five-year low interest rate repayment period. Joint financing of the rehabilitation project is to be done on the basis of grants provided by Switzerland, Canada and Norway.

(IntelNews)

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