As much as 750m euros are needed to modernize refineries and pipelines so that Hungary can phase out crude oil imports from Russia, Hungarian Foreign Minister Peter Szijarto said, adding that Budapest would need EU financial “guarantees” to join the proposed embargo. block.

“If the European Commission wants to adopt such a proposal, it must guarantee that it will not harm Hungary,” Szijarto said. The commission could do that “by guaranteeing us, both financially and physically, that the Hungarians will not be worse off and that the security of Hungary’s energy supply will not be violated,” he said.

It is unlikely that the EU will finance the necessary upgrade or compensate for any increase in fuel prices resulting from the embargo on Russian oil, Szijarto said. That is why Budapest is asking for an exemption for the import of Russian oil through pipelines. That is “the simplest solution,” he said.

Pressure is growing in Budapest to accept the EU’s proposal to phase out Russian oil imports. As ministers from the bloc gathered in Brussels to discuss the issue, Lithuanian Foreign Minister Gabrielius Landsbergis suggested on Monday that Ukraine should reduce oil transit to the EU if Hungary does not support the ban. Sijarto described this proposal as “obviously unacceptable”.

As for the costs of upgrading the infrastructure, Szijjarto said that 500-550 million euros will be needed for the reconfiguration of the Szazhalombatta Mol refinery in order to switch exclusively to non-Russian fuel. Mol gave the same cost estimate and said it would take two to four years, although Mol’s former director told Argus that this timeframe was too long.

Szijarto states that an additional 200 million euros will be needed to increase the capacity of the Adria oil pipeline from the Croatian port of Omisalj, with a capacity of 400,000 barrels per day, because Hungary would have to import more crude oil through this pipeline in case of Russian interruptions.

This contradicts the comments of Croatian Economy Minister Davor Filipovic, who said last week that Croatian gas pipeline operator Janaf could significantly increase supplies to Hungary without any investment and that Adria’s capacity could be doubled with “certain investments”. Janaf can currently transport 11.4 million tons of crude oil a year to Hungary, compared to the current only 2 million tons, Filipovic said.

In addition to upgrading the refinery and pipeline, Szijjarto estimates that switching to non-Russian crude oil could increase domestic fuel prices in Hungary by 55-60%. To prevent this potential increase in fuel prices, Hungary’s energy system would have to be modernized, he said, adding that such a program would cost 15 billion to 18 billion euros and could be completed in about five years.

Source: argusmedia.com