

Pan European Oil Pipeline route and its regional importance, in North-South and East-West oil transport routes, is aligned with SEE countries need to comply with third energy package. PEOP has its advantages and its feasible. PEOP Project Development Company was founded jointly by Conpet Ploiești (Romania), Oil Terminal Constanța (Romania), Transnafta (Serbia) and JANAF (Croatia).

European Union policy makers and other Member States along the route of the initially proposed PEOP should take up the initiative of Romania, Serbia and the Russian Federation to link Pancevo with Piresti and kick-start the connection of Constanta to Central and Eastern European markets. This would mean to secure Third Party Access for the pipeline as a perspective for all future deliveries from Constanta westwards to Croatia - as well as close alignment of technical standards to ensure the compatibility of different networks. Unbundling issues may be of critical importance in this case as well. EU players should play an active role in finding pragmatic solutions that supports the completion of the project. Should the EU deem the investment strategic in terms of security of supply in the oil sector, it should be granted PCI status.

A large part of the PEOP's 400 km length is already in place in Croatia (Adria pipeline). Similarly, there are existing pipeline sections in Romania, from Constanta terminal to Pitesti in the west of the country. With regard to the overall project, initial feasibility studies have been conducted, but in recent years there has only been limited progress. A PEOP Project Development Company was founded jointly by Conpet Ploiești (Romania), Oil Terminal Constanța (Romania), Transnafta (Serbia) and JANAF (Croatia). By now, the large-scale proposal has been effectively abandoned after Italy, Slovenia and eventually Croatia withdrew their support one after another. Following Croatia's withdrawal from PEOP, Romania and Serbia have stressed the necessity to create a new concept. A much smaller project proposal now aims to connect the national oil transportation systems of the two countries, from Pitesti (Romania) to Pancevo (Serbia). It is championed by Russia's Gazprom Neft, its Romanian counterparts Conpet Ploiești and Oil Terminal Constanta, as well as NIS Gazprom Neft, Gazprom's fully-owned subsidiary in Serbia. The pipeline would allow Gazprom to transport Russian crude oil via tankers to Constanta and onwards to its Serbian refineries Pancevo and Novi Sad. A joint feasibility study was started in 2013. Upon its completion, Gazprom intends to announce its plans regarding the project.

The Pan-European Oil Pipeline was initially conceptualized to be 1,320 km long and its projected capacity was 40-60 mt/y - 60 mt/y optimal configuration. Cost estimates ranged to cost between 1.8 and 2.6 bn EUR. The smaller Romanian-Serbian proposal would just add 324 km to existing pipeline networks to reach Pancevo from Pitesti, nearly 280 km of which will cross Romania. The annual capacity of the pipeline could reach 7.5 mt/y.

The project would implement a direct pipeline connection between the Romanian Black Sea port Constanta and Trieste in Italy. Russian and particularly Caspian oil supplies which are

shipped to Romania via tanker routes through the Black Sea would feed into the pipeline. The pipeline would then deliver the oil onto Central and Eastern European markets, crossing Romania, Serbia, Croatia and Slovenia. Thus, the project would provide a new and reliable route for delivering oil to landlocked destinations in the northern Balkans. In Trieste, the Pan-European Oil Pipeline would feed into the Transalpine Pipeline, running to Austria and Germany, thus providing additional supply for key Western European markets. Furthermore, the pipeline would be directly connected to six refineries in Romania, Serbia and Croatia along its foreseen route. With regard to its strategic importance, the pipeline would reduce the destination countries' dependence on Russian pipeline deliveries, thus improving Europe's resilience against disruptions or outright cut-offs in the Druzhba pipeline system.

As for the North-South Corridor and the aforementioned focus project, the Pan European Oil Pipeline (PEOP) was supposed to connect Romania's Constanta to the Italian city of Trieste, via Serbia, Croatia and Slovenia. By now, the proposal has been effectively abandoned after Italy, Slovenia and eventually Croatia withdrew their support - primarily because financing from the international oil industry could not be mobilized. Numerous investment conferences have been held over the past decades - yet none of them produced tangible results in terms of equity commitments to the project company.

Nevertheless, a new concept on the Constanta-Pancevo route now aims to connect the national oil transportation systems of the two countries. Although it is primarily driven by Gazprom's interests to supply its own refineries in Serbia, it should be supported nonetheless as it would already close one of the two remaining gaps among the Adria and the Constanta systems, i.e. the missing link between the Romanian and Serbian pipeline networks. This is especially important given Serbia's determination to become a member of the EU and position itself as a country with strong ties both eastwards and westwards. Closing the links one by one, step by step, would nevertheless ultimately position Constanta as an alternative oil-gateway to Europe - potentially able to take up tanker deliveries from non-Russian suppliers, such as Kazakhstan, Turkmenistan and Azerbaijan.

On other ends of the North-South Corridor, there is more progress in building oil infrastructure. For example, the reconstruction and enlargement of the twenty-year-old JANAF and Adria pipelines connecting Slovakia, Hungary, and Croatia has been largely completed (PCI 9.3). Transformed into an operational bidirectional system, the Adria system can now carry oil northwest from the Croatian port of Omišalj on the Adriatic to Hungary, Slovakia, and the Czech Republic - and also transport it southwards from the Druzhba system to Croatia. The Hungary-Slovakia part of the Adria pipeline has been successfully upgraded from 3.5 mt/y to a 6-mt/y capacity; it was commissioned in February 2015 totaling an investment of EUR 70 m. In fact, the pipeline has become a full-fledged alternative for oil supply from the Adriatic for refineries in Hungary, Slovakia and part of the Czech Republic.

Now, the Bratislava refinery in Slovakia may fully be supplied by tanker deliveries from the Mediterranean.

In addition, a new 80-150 km, 5 mt/y pipeline is planned, to connect the Slovak capital of Bratislava with Austria's Schwechat refinery. This would normally be used to carry Druzhba oil to Schwechat, but could also be operated in reverse mode to provide a backup system for oil delivery to Bratislava's own refinery in event of disruption of Russian supplies. BSP Bratislava-Schwechat Pipeline as a joint venture of Slovak Transpetrol and OMV pursue the project. It currently faces the most difficulties as regards the routing on the Slovakian side due to social and environmental concerns. Financing, however, seems to be secured given the commercial prospects of diversifying crude oil supplies for two major refineries (Schwechat and OMV's refineries on Austrian side) as well as the robust balance sheets of the involved TSOs, Transpetrol and OMV, transmits [Serbia-energy.eu](http://Serbia-energy.eu)