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Balkans Region: Oil and Gas Fact Sheet

The Balkans region--here including Albania, Bosnia-Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and Serbia and Montenegro (ex-Yugoslavia)--is recovering from over a decade of conflict and instability as a result of the dissolution of the former Yugoslavia. As the region stabilizes, the Balkans may play an important role as a transit center for Russian and Caspian Sea region oil exports.

Note: Information contained in this report is the best available as of January 2004 and can change.



REGIONAL ENERGY ISSUES

The countries of the Balkans region are neither major energy producers or consumers. Although the region does hold some important fossil fuel deposits, these resources are not significant on a world scale, and the political and economic instability in the Balkans in recent years has discouraged any substantial foreign investment in the respective countries' energy sectors. Rather, the region is becoming more important as a transit center for [Russian](#) and [Caspian Sea region](#) oil exports to Western consumers. The region's leading transit projects are listed below.

The Albania-Macedonia-Bulgaria Oil Pipeline (AMBO)

The AMBO pipeline project entails a proposed 570-mile, 750,000-barrel-per-day (bbl/d) pipeline connecting the [Bulgarian](#) Black Sea port of Burgas with the Albanian Adriatic port of Vlore. This allows sea borne oil exports from Russia and the Caspian Sea region to flow overland between the Black Sea to the Adriatic, bypassing Turkey's increasingly congested Bosphorus and Dardanelles (see map). With oil exports from the Caspian Sea region projected to increase rapidly in the next

decade, the AMBO pipeline proposal is one of several "Bosporus bypass" oil pipeline proposals that are currently under consideration or in development.

A feasibility study for the AMBO project, funded by the U.S. government, was successfully completed in September 2002, with the Albanians approving the proposed route across their territory in December 2003. The project is estimated to cost \$1.2 billion, of which \$930 million will be provided by international donors such as the World Bank, the European Bank for Reconstruction and Development, the International Monetary Fund, the U.S. Export-Import Bank and the U.S. Overseas Private Investment Corporation. Construction is expected to begin in 2005, and to be completed by 2008. The AMBO Pipeline Corporation, based in New York, has been established with exclusive rights to develop the project.

Druzhba-Adria Integration

Reversal of the Adria pipeline, which extends between Croatia's port of Omisalj on the Adriatic Sea and Hungary (see map), has been under consideration since the 1990s. The pipeline, which was completed in 1974, was originally designed to load Middle Eastern oil at Omisalj, then pipe it northward to Yugoslavia and on to Hungary. However, given both the Adria pipeline's existing interconnection with the Russian system and Russia's booming production, the pipeline's operators and transit states have since considered reversing the pipeline's flow, thus giving Russia a new export outlet on the Adriatic Sea.

Connecting the pipeline to Russia's Southern Druzhba system would entail the cooperation of six countries (Russia, Belarus, Ukraine, Slovakia, Hungary, and Croatia). In December 2002, these countries signed a preliminary agreement on the project. Since then, however, progress has been slow, as the transit states wrangle over the project's details (including tariffs and environmental issues). Given the relative simplicity of reversing the flow should the countries come to an agreement, some analysts expect that the Adria pipeline could begin transiting roughly 100,000 bbl/d of Russian crude in the short term, with an ultimate capacity of approximately 300,000 barrels per day.

Constanta-Omisalj-Trieste Pipeline

Another pipeline proposal entails the development of a 760-mile line connecting the Romanian Black Sea Port of Constanta with the the Croatian Adriatic port of Omisalj, and later possibly on to the Italian city of Trieste. As conceived by the Romanians, the proposed pipeline (also known as both the South-East European Line--SEEL, and the Contanta-Pancevo-Omisalj-Trieste pipeline--CPOT) would extend across Romania to the Serbian town of Pancevo (near Belgrade) where it would connect to an existing branch of the Adria pipeline which runs across Serbia and Montenegro, Bosnia and Herzegovina, and Croatia to the port of Omisalj (see map). A technical and economic study of this plan was commissioned in October 2003, and is expected to be completed by the end of 2004. The plan envisages initial throughput of 480,000 bbl/d by 2007, and up to 600,000-800,000 bbl/d by 2013 when the connection to Trieste could be completed. An alternative route for this project is a northern proposal, which would cross southern [Hungary](#) and central Slovenia instead of the Balkan states.

It is expected that whichever option is decided upon, the pipeline would be used mostly to provide oil to the countries along the route, and would incorporate existing connections between Constanta and regional refineries. However, given that petroleum demand in the countries along the two routes has exhibited little growth in the last ten years--particularly in Hungary, where demand has fallen by 13% since 1992--some observers are skeptical that refineries in the region really need a new oil supply pipeline.

OIL: Market Dynamics

The Balkans region has total proven oil reserves of approximately 318 million barrels, with 165 million barrels of that located in Albania. Croatia has proven reserves of 75 million barrels, while Serbia and Montenegro (ex-Yugoslavia) holds the remaining 78 million barrels. Although a number of companies are active in the region and exploration is picking up, especially in Albania and offshore areas in the Adriatic Sea, oil production in the Balkans remains low. In 2002, the entire region produced only 42,000 bbl/d in 2002. Croatia led the region with 22,000 bbl/d, followed by Yugoslavia (14,000 bbl/d) and Albania (6,000 bbl/d).

As a result of this low level of production, each of the countries in the Balkans remains a net oil importer. EIA estimates that regional oil consumption in the Balkans in 2002 totaled 221,000 bbl/d, leaving the region dependent on imports for roughly 80% of its oil needs. The region is well supplied with oil via pipeline links with Russia and Greece, as well as port facilities on the Adriatic Sea.

In 2003, privatization efforts took place in each of the Balkan region's three oil producers, Albania, Croatia, and Serbia and Montenegro. In September, 2003, Russia's LUKoil acquired 79.5% of Serbia's oil company, Beopetrol. The Beopetrol deal, however, may go to arbitration court, as Croatian authorities are claiming that some of what was sold to LUKoil actually represents assets which were illegally confiscated from Croatia in 1990. In November 2003, Hungarian oil and gas firm Mol completed the purchase of a 25%+1 share in Croatia's oil company, INA. Albania has also announced privatization plans, but has not yet begun to implement them.

NATURAL GAS: Market Dynamics

Proven natural gas reserves in the Balkans region total approximately 2.7 trillion cubic feet (Tcf). Serbia and Montenegro, with 1.7 Tcf, holds roughly 60% of the region's total, while Croatia contains a further 0.87 Tcf and Albania has just 0.1 Tcf. In 2001, Croatia produced 62 Bcf of natural gas, while Serbia and Montenegro's (ex-Yugoslavia's) natural gas output was 21 Bcf. Albania, the only other natural-gas producing country in the region, produced about 1 Bcf in 2001 to fulfill its domestic demand. Most of the region's natural gas imports come from Russia.

In April 2003, representatives from all of the Balkan Countries signed an agreement indicating their support for a proposed natural gas pipeline from Greece, through the Balkans and into Austria. The pipeline would be extension of an interconnection currently being considered between Turkey and Greece.

OIL	million barrels	1,000 barrels per day		
	1/1/2004 PROVEN RESERVES	2002E PRODUCTION	2002E CONSUMPTION	2002E IMPORTS
Albania	165	6	24	18
Bosnia-Herzegovina	<i>Not Available</i>	0	20	20
Croatia	75	22	91	69
F.Y.R.O.M.	<i>Not Available</i>	0	19	19
Serbia and Montenegro**	77.5	14	67	53
Total	317.5	42	221	179

NATURAL GAS	<i>trillion cubic feet</i>	<i>billion cubic feet per year</i>		
	1/1/2004 PROVEN RESERVES	2001E PRODUCTION	2001E CONSUMPTION	2001E IMPORTS
Albania	0.1	1	1	0
Bosnia-Herzegovina	<i>Not Available</i>	0	11	11
Croatia	0.87	62	100	38
F.Y.R.O.M.	<i>Not Available</i>	0	0	0
Serbia and Montenegro**	1.7	21	21	0
Total	2.67	84	133	49

COAL 2001	<i>million short tons</i>			
	RECOVERABLE RESERVES	PRODUCTION	CONSUMPTION	IMPORTS
Albania	<i>Not Available</i>	0.04	.04	0
Bosnia-Herzegovina	<i>Not Available</i>	10.03	10.03	0
Croatia	43	0	0.88	0.88
F.Y.R.O.M.	<i>Not Available</i>	8.27	8.44	0.17
Serbia and Montenegro**	17,919	39.46	39.62	0.16
Total	17,962	57.8	59.01	1.21

ELECTRICITY 2001	<i>gigawatts</i>	<i>billion kilowatthours</i>	
	INSTALLED CAPACITY	GENERATION	CONSUMPTION
Albania	1.68	5.289	5.89
Bosnia-Herzegovina	3.94	9.979	8.12
Croatia	3.82	12.117	14.27
F.Y.R.O.M.	1.56	6.465	6.11
Serbia and Montenegro**	9.60	31.710	32.374
Total	20.6	13.75	13.4

Sources: Energy Information Administration, Oil and Gas Journal

**Serbia and Montenegro refers to the state which was known as Yugoslavia prior to February 2003.

Sources for this report include: Agence France Presse, Associated Press, BBC Monitoring International Reports, CIA World Factbook, Deutsche Presse-Agentur, DRI/WEFA, The Economist, The Financial Times, Hart's European Fuels News, Interfax News Agency, Lloyd's List, The Mining Journal, The New York Times, Oil and Gas Journal, Petroleum Economist, Petroleum Report, Power Engineering International, Quest Economic Database, Radio Free Europe/Radio Liberty, Reuters, The Russian Oil and Gas Report, U.S. Department of Energy, U.S. Energy Information Administration, U.S. Department of State, and World Markets Research Center.

LINKS

For more information from EIA on the Balkans, please see:

[EIA: Country Information on Bosnia-Herzegovina](#)

[EIA: Country Information on Croatia](#)

[EIA: Country Information on Former Yugoslav Republic of Macedonia](#)

[EIA: Country Information on Slovenia](#)

[EIA: Country Information on Yugoslavia](#)

[EIA: Country Information on Albania](#)

Links to other U.S. government sites:

[U.S. Agency for International Development](#)

[U.S. Department of Commerce, Central and Eastern Europe Business Information Center \(CEEVIC\)](#)

[U.S. Department of Commerce, Country Commercial Guides](#)

[U.S. Department of Commerce, International Trade Administration: Energy Division](#)

[U.S. Department of Commerce, Trade Compliance Center: Market Access Information](#)

[CIA World Factbook](#)

[U.S. Department of Energy, Office of Fossil Energy: International Affairs](#)

[U.S. Department of Energy, Energy Overview of Croatia](#)

[Library of Congress Country Study: Former Yugoslavia](#)

[Radio Free Europe/Radio Liberty, Balkans Report](#)

[U.S. Department of State: Background Notes](#)

[U.S. Department of State, International Information Programs](#)

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[European Bank for Reconstruction and Development \(EBRD\)](#)

[Interstate Oil & Gas Transport to Europe \(INOGATE\)](#)

[Interfax News Agency](#)

[International Monetary Fund](#)

[International Atomic Energy Agency \(IAEA\) Power Reactor Information System](#)

[University of Texas - Russian and East European Network Information Center](#)

[Transitions Online](#)

[United Nations Framework Convention on Climate Change and the Kyoto Protocol](#)

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