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# One more fairy tale : Economic viability of plans of oil refinery.

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Last week President Kocharyan went to Sochi to share, as he said, some ideas with [Russian President Vladimir] Putin. Soon it became clear that Russia has decided to build an oil refinery in Meghri. It is a very original project. It will be the only oil refinery in the world which is not on the sea front and does not have a railway substructure. That is to say petrol and diesel fuel produced here can be transported only by means of road tankers. This is a project that was put on the agenda in Armenia from time to time before the elections held here.

[Passage omitted: The author said that the project was put on the agenda in 2003]

Elections will be held in Armenia soon and all talk about the economic situation in Armenia is not enough for the election campaign, which is why the topic of the oil refinery has been put on the agenda once again. Even Russian experts say that this is a fairy tale. This plant with a capacity of processing 7m tonnes oil per year will get raw materials by an oil pipeline from Iran. There is no such oil pipeline today and it will be constructed and be about 200km long. The refined oil, let us say petrol and diesel, will be transported by railway and Iran will be the main consumer of the products of that plant, but we do not have a railway that would connect Meghri with different regions of Iran, and it should also be constructed. Some of the petrol and diesel fuel produced at the plant will be used by Armenia. But there is no railway that connects Meghri with other regions of Armenia either. This means that every single minute a road tanker containing 15 tonnes should leave the plant, but this will be economically unjustified. In that case, why are they telling us such a fairy tale?

The Armenian authorities are well aware of the real situation in the Armenian economy, which is why for campaigning purposes they talk about "gigantic" programmes from time to time. We have the impression that the Armenian authorities have already lost the sense of reality and it seems to them that society is in the same situation. While we were negotiating with Iran on the Iran-Armenia gas pipeline, Azerbaijan managed to construct and commission the Baku-Ceyhan oil pipeline and Baku-Erzurum gas pipeline. When we thought of setting at least one gas turbine system at the Yerevan power plant, Azerbaijan had already started setting up four such systems each of which is more powerful than our nuclear power plant. When we started speaking about the construction of an oil refinery in Armenia with a capacity of 7m tonnes per year, Azerbaijan was already preparing a project on the construction of a plant in Turkey with a capacity of 20m tonnes, and is now thinking of building a similar plant in Georgia. In a word, we spend more efforts and energy on propaganda than on good ideas.

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