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Summa May Finish Oil Terminal Early

By The Moscow Times

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Summa Group, a shareholder in Russia's biggest crude oil export facilities in Novorossiisk and Primorsk, might start operating a $1 billion oil terminal in Rotterdam earlier than planned, a company official said.

"We have an aggressive schedule, it should be doable in 2013, 2014," first vice president Alexander Vinokurov, 29, said in an interview in Moscow last week. He previously gave 2015 as a completion date for the 3 million cubic meter facility.

The construction of the terminal in Europe's largest port has the backing of President Dmitry Medvedev, who met with Dutch Prime Minister Mark Rutte in Moscow two months ago. The terminal may become a European trading hub for Urals crude, the Kremlin said at that time. Geneva-based Vitol Group, the world's largest independent oil trader, is a shareholder.

Buyers will be able to purchase Urals to be loaded from Rotterdam, said Vinokurov, who joined Summa in August. "We will provide a core part of the logistics chain," he said.

The project may help raise the status of Urals to that of an international benchmark, Vinokurov said. Russian crude is priced against the Brent crude benchmark in Northwest Europe. Urals contains more sulfur and is heavier than grades from Libya or Nigeria, making it more difficult to process into premium, lighter fuels such as gasoline or jet fuel.

"There is talk of improving Urals quality somewhat, but even now a case could be made for it to be a benchmark if there were a stable supply in the heart of Europe," Vinokurov said.

Russia is the biggest supplier of crude to the European Union, according to EU data. The Baltic port of Primorsk, which handles more sea-bound shipments than any other port, will supply the Rotterdam terminal.

The facility is being built by Shtandart TT, in which Summa has a stake of 75 percent. The rest is owned by VTTI, which is half owned by Vitol. Summa, which is controlled by Ziyavudin Magomedov, also has assets in gas production, mining and telecommunications.

Vinokurov previously worked for Morgan Stanley in London and was co-head in Russia for TPG Capital, the Fort Worth, Texas-based private equity company.

Novorossiisk Commercial Sea Port, the country's largest by volume, said third-quarter earnings before interest, taxes, depreciation and amortization rose 28 percent to $160 million from the previous three-month period as cargo volumes rose.

Revenue climbed 10 percent to $288 million, the Black Sea port said Wednesday in a statement that did not provide net income or losses for the period.

The port had profit in the first nine months of the year of $32.1 million, the statement said.

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