

China's CNPC 'to invest in city hit by oil spill'

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Workers collect oil from the water outside a dock in Dalian, China, lat July following an oil spill. China National Petroleum Corp will invest in the northeastern port city, averting paying direct compensation to local fishermen, state media say

China National Petroleum Corp will invest in a northeastern port city hit by an oil spill last year at facilities it owned, averting paying direct compensation to local fishermen, state media said.

The state-owned [oil](#) giant has agreed to build plants in Dalian with annual refining capacity of 20 million tonnes and ethylene production of one million tonnes, the Economic and National Weekly said on its website Monday.

In return, the city government will pay compensation to the fishing

industry for damage and losses caused by the July slick, the report said, citing unnamed sources involved in the negotiations between authorities and CNPC.

Dalian, a coastal city in Liaoning province, hit headlines last year after two pipelines exploded at an oil storage depot belonging to CNPC, triggering a spectacular blaze that burned for days.

The government estimated that about 1,500 tonnes of oil poured into the Yellow Sea but [Greenpeace](#) said 60,000-90,000 tonnes of crude, or up to 60 times more than official estimates, may have escaped into the area.

The environmental group said the economic impact on the local tourism and fishing industry would be "significant", estimating the [fishing industry](#) would lose 50-100 million dollars this year alone.

The report did not disclose financial details of the investment or compensation, but said the new plants would boost CNPC's refining capacity in the city to 50.5 million tonnes from 30.5 million tonnes.

An investigation by the government found that a desulphurising chemical was mistakenly pumped into pipelines after a tanker had stopped unloading crude, triggering the explosion.

Liao Yongyuan, a deputy general manager of CNPC, blamed contractors for the accident, according to a company statement in August.

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