

Putin Dangles \$4Bln Carrot Before Belarus

By [Anatoly Medetsky](#)

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Prime Minister Putin getting off to a cordial start of negotiations with his Belarussian counterpart, Myasnikovich. **Ivan Sekretarev**

Prime Minister Vladimir Putin on Thursday took a step toward restarting oil supplies to Belarus by reiterating that Minsk would have a chance to earn an additional \$4 billion in revenues.

Deliveries didn't resume after Putin met with his Belarussian counterpart, Mikhail Myasnikovich, on Thursday, but Myasnikovich said the prime ministers ordered their Cabinets to complete oil talks within days.

Russia canceled duties on crude exports to Belarus from Jan. 1 in exchange for the right to collect the duties that Belarus charges on the re-export of oil products — a move that Economic Development Minister Elvira Nabiullina has said would still leave Belarus with extra revenues of \$3.9 billion this year.

But Russian oil companies sought prices higher than those they charged last year, bringing supplies to a standstill on Jan. 1. Transit to Poland and Germany remains unaffected, but traders said Belarus suspended its diesel exports to Europe.

Putin said Thursday that Belarus could count on \$4.1 billion in Russian “subsidies” despite a deadlock in the talks on the corporate level.

“We will achieve agreement on this issue in the very near future,” he said at a news conference alongside Myasnikovich after their meeting. “The Belarussian economy will receive this subsidy in the amount of \$4.124 billion at the expense of cheap deliveries of Russian oil.”

He didn't elaborate, while Myasnikovich said Belarus, where crude reserves are expected to run out at the end of the month, could obtain the subsidies through lower prices or “other mechanisms.”

The Russian government could agree to compensate some of the price increases sought by Russian companies, said Tatyana Manenok, a Belarussian expert on the local petroleum market.

Russian oil suppliers, which previously established the price for Belarus by deducting transportation costs from the price in Poland and adding a premium of \$12 per metric ton of oil, now want the premium to rise to \$45, she said.

One of the reasons for the change is that Belarus apparently plans to increase the westward transit fee for Russian oil by 12.5 percent next month.

Belarus agreed to buy 21.7 million metric tons of oil from Russia this year.

On Thursday, the prime ministers also discussed plans to construct a nuclear power plant in Belarus, which Putin said could cost \$6 billion and provide for at least 27 percent of electricity consumption in the country. Myasnikovich said the countries could agree on the costs and other terms in the first quarter of this year.

Russia could provide a loan for the construction, Putin said.

If need be, Russia will also consider “measures of state support” to help Belarus pay for Russian gas, Putin said.

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