

Transneft Reroutes Oil Meant for Minsk

By [The Moscow Times](#)

January 23, 2011



Lukashenko arriving for his inauguration with his son Nikolai on Friday. **Viktor Drachev**

MINSK — In a sign that Moscow does not see a quick resolution to a pricing dispute with Belarus, oil pipeline monopoly Transneft said Friday that it had rerouted oil earmarked for that country to seaports for delivery to alternative buyers.

Belarus stopped receiving Urals crude deliveries for its refineries on Jan. 1 amid disagreements over oil tariffs and pricing, leaving stocks to build up in Russian facilities.

"We have redirected our flows to Gdansk, Primorsk and Novorossiisk," Transneft spokesman Igor Dyomin said, adding that the flows were about 1.5 million tons per month.

Russian refineries also are processing more crude oil as a result of the spat, he said.

The pricing dispute follows Russia's decision to drop its export duty for Belarus-bound oil after Belarus, Russia and Kazakhstan agreed to create a free-trade zone.

Russian firms say they want Belarus to pay \$45 per ton more for oil, particularly since Belarus

has said it will charge them 12.5 percent more in transit fees for shipping oil through the country to Europe from Feb. 1.

The spat is complicated by a disagreement over the price Russia charges Belarus for gas. Minsk wants the Kremlin to lower 2011 prices, but Prime Minister Vladimir Putin said Thursday that Russia would stick to the current contract, which foresees a price rise.

The dispute has not affected Belarus' role as a key transit route for Russian oil deliveries to Europe. Russian oil has continued flowing through Belarus at a rate of 40 million tons (about 800,000 barrels) per day through the Soviet-built Druzhba pipeline.

A meeting between Putin and his Belarussian counterpart on Thursday failed to secure a breakthrough. A spokesman for Russia's largest oil producer, Rosneft, said talks would continue.

The dispute comes after several months of diplomatic tensions between the former Soviet neighbors. Belarus' re-elected president, Alexander Lukashenko, was sworn in Friday in a ceremony boycotted by Western envoys after opposition and international monitors said last month's election was rigged.

Belarussian refineries, which usually operate at a daily capacity of 360,000 barrels, have slashed their output, according to market sources, though officials are denying this.

Belarus' two refineries, Mozyr and Polotsk, are a key source of export revenue for the republic's fragile economy. Last week, traders said Belarus has suspended diesel export to Europe because of the dispute.

Belarus exports about 2.4 million tons of diesel per year, mainly to northern Europe. The volumes amount to less than 1 percent of Europe's overall diesel consumption, but for Germany alone it represents about 8 percent.

A market source also said the refineries had cut their daily output on the back of oil supply shortages.

"There is information that Mozyr is even close to starting recycling oil," the source said. Because of a technological peculiarity, the refineries will be slow to restart once stopped, so that's why it's preferable to keep reprocessing the products already produced.

"We haven't cut output. We are working as we did before," said Sergei Altukhov, deputy director at the Polotsk refinery.

A Belarussian source said supplies to refineries could resume this week, but flows along the Druzhba pipeline could be cut nevertheless as Poland plans to halve imports because of a maintenance outage at its top refinery.

According to market sources, Belarus had to import in January 160,000 tons (38,000 barrels per day) of Venezuela's Santa Barbara grade, which is not enough to maintain its refineries' full output capacity.

The country's own oil output stands at about 1.7 million tons a year. Russia had been

scheduled to deliver 1.5 million tons of oil to Belarus in January.

Original url:

<https://www.themoscowtimes.com/2011/01/23/transneft-reroutes-oil-meant-for-minsk-a4420>