Analyses OSW

CENTRE FOR EASTERN STUDIES 1.12.2010 www.osw.waw.pl

The Czech Republic is concerned about the future of the Druzhba pipeline

On 23 November, the Czech Ministry of Industry and Trade announced that the contract enabling supplies of additional quantities of oil coming from the Western direction had been extended until 2015. The Czech transport network operator MERO will be able to use the available transport capacity in the Transalpine Pipeline (TAL) should supplies from the East via the Druzhba oil pipeline be interrupted.

The contract signed between MERO Germany (a subsidiary of the Czech transport network operator MERO) and the TAL consortium (including Shell, ExxonMobil and OMV) guarantees the Czech side access in emergency situations to the Transalpine Pipeline's unused transport capacity. This transports oil from the terminal in Trieste. In the first half of 2010, around 42% of the 3.7 million tonnes of oil imported to the Czech Republic was supplied to Czech refineries, co-owned by PKN Orlen, by this route via TAL and the oil pipeline IKL which connects Germany and the Czech Republic.

The contract with TAL consortium is aimed at securing supplies in case of problems with the oil supply via the Druzhba pipeline. This has already happened in the past. On 22 November, the Russian pipeline operator Transneft stated that it would not rule out temporary supply reductions in connection with a test use of Druzhba, – which normally transports oil from the East to the Central Europe – for transporting oil in the opposite direction (to supply Venezuelan oil to Belarus). All this has also increased the general concern about the future of Druzhba as the launch of the BTS-2 oil pipeline by Russia may significantly reduce Russia's interest in using Druzhba for exporting oil. <boc>