

Russia to increase its control over Belarusian exports?

Agata Wierzbowska-Miazga

On 9 November, the Belarusian President Alyaksandr Lukashenka announced that a large part of current Belarusian exports through ports in Lithuania and Latvia will be redirected to Russian ports in the Leningrad oblast. The decision was supposedly taken during his meeting with Russian President Vladimir Putin in Sochi in September. The ports in Lithuania (Klaipeda) and Latvia (Ventspils and Riga) currently represent a key route for the export of Belarusian goods, including oil products and potash fertilisers, to Western Europe.

Commentary

- The Belarusian president's announcement is most likely a part of his negotiations with Russia on supplies of crude oil to his country; Russia has reduced them over recent weeks, demanding US\$1.5 billion in compensation from Belarus for previously re-exporting Russian petroleum products without paying the appropriate fee (these products were exported as solvents). Belarus does not have the resources to pay such compensation, and so to settle its dispute with Russia, it will have to decide which concessions to make. It is possible that Lukashenka has announced this redirection of transit, which will favour Russia, in the hope that thus he will avoid the privatisation of Belarusian enterprises which the Russians have long demanded. From the Belarusian president's point of view, a decision to redirect the transit routes may seem safer as it would potentially be reversible, which selling off his country's businesses would not be. However, redirecting the transit would also be very detrimental to Belarus, and so we should expect that if the President's declaration does come to fruition, Minsk will try to ensure that the changes are as limited and short-term as possible.
- Changing the ports would give Russia full control over this vector of Belarusian exports, which would prevent machinations of the type connected with the alleged solvents. The move would increase the overall dependence of Belarusian exports on Russia. Transferring the transit to Russian ports would also mean significant losses for Minsk, even if the handling rates remain the same as those in the Baltic states. The longer route to the ports, and from there to the Belarusian products' customers, would significantly affect the costs. In addition, it would be necessary to charter more ships, as the Russian ports are unable to handle the largest vessels currently used by Belarus.

- The redirection of Belarusian exports would worsen Minsk's relations with Latvia and especially Lithuania (Minsk has recently accused the latter of interfering in its domestic affairs). This would mean a significant loss to these countries' economies, whereas Belarus could also lose their support within the European Union; hitherto both countries had opposed sanctions against the Lukashenka regime, in the name of the economic benefits they derived. Such a scenario is certainly in Moscow's interests. In addition to weakening Belarus's position, taking over Belarusian transit would also fit with Russia's strategy of increasing the importance of its own ports, at the expense of those of the Baltic states. On the other hand, announcements like these may help Lukashenka win more favourable conditions from the Baltic ports; Latvia has already announced that it might reduce its prices for cargo services, and allow Belarus to construct or lease its own terminal.