

Belarusian-Ukrainian agreement on oil transit

On 17 January, a Belarusian-Ukrainian agreement was signed in Kiev on the transit of crude oil via the Odessa-Brody pipeline to the Belarusian refinery in Mazyr. The agreement represents the end of the talks which started last autumn on organising deliveries of oil from Venezuela and Azerbaijan to Belarus as alternatives to Russian oil. The agreement foresees a lower quantity of transmitted oil than originally agreed; any possible increase will depend on the oil prices which Russia will offer Belarus in the immediate future.

Last year, the parties signed a preliminary agreement on the use of a section of the Odessa-Brody pipeline (which is currently empty, since the Russian suppliers withdrew) and the Ukrainian Druzhba pipeline to transport crude oil to the Belarusian refinery in Mazyr. Then in November, a trial transmission of around 80,000 tonnes of oil was successfully carried out. This opened up the possibility of opting out from the more expensive transport by rail of Venezuelan oil from the port of Odessa.

The agreement of 17 January was concluded between the Belarusian Crude Oil Company and Ukraine's Ukrtransnafta for two years, with the option to renew. It enables the permanent transit of a guaranteed minimum level of 4 million tonnes of oil per year; in earlier agreements the annual transmission had been set at between 5 and 9 million tonnes. Everything indicates that this will mainly consist of petroleum from Azerbaijan, swapped for the Venezuelan oil. It appears that this cooperation on energy between Minsk and Kyiv is an element of a broader strategy on oil supply being conducted by the Belarusian government, which is operating in a manner somewhat less than fully explicit and transparent. The Belarusian-Ukrainian agreement gives Minsk greater room for manoeuvre in its negotiations with its main oil supplier, Russia. In the event of a significant increase in oil prices this year – which the Russian companies have indeed announced – it cannot be ruled out that Minsk will be able to increase its level of alternative supplies. <kam>