Analyses OSW

CENTRE FOR EASTERN STUDIES 20.10.2010 www.osw.waw.pl

Deliveries of Venezuelan crude oil to Belarus

On 16-18 October, the President of Venezuela, Hugo Chavez, paid a visit to Minsk during which a contract to deliver Venezuelan crude oil to Belarus over the next three years was signed. The guarantee of an alternative to Russian oil deliveries strengthens Minsk's position in the face of growing political and economic pressure from the Kremlin.

The Belarusian Petroleum Company and the Venezuelan PdVSA signed a contract to deliver 30 million tonnes of crude oil from Venezuela during the period 2011-12; this amounts to 10 million tonnes annually, which would make up almost half of Belarus' annual needs (in 2009, imports of this raw material came to around 21.5 million tonnes). In this way, the oil deliveries (which began this year) have been extended for the next three years, which would allow Belarus to continue reducing its dependence on imports from Russia. Oil from Venezuela is delivered via the Ukrainian port of Odessa, as well as ports in Lithuania and Estonia. Of the 4 million tonnes of oil which were planned to be delivered by the end of this year, over 1 million had been delivered by October. For the time being, there is no official data on either the cost of the deliveries or the price of the raw material itself. According to unconfirmed media estimates, the average price of Venezuelan oil in the period from May to August this year reached US$647 per tonne. In turn, the average price of oil from Russia, with full export tax, reached around US$550 in this period. This means that despite assurances from the Belarusian government that deliveries from Venezuela are more cost-effective, this is more of a political than an economic project. <kam>