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Temporary solution to Russian-Belarusian gas dispute

On 2 July, the Russian company Gazprom and the Belarusian gas company Bieltransgaz agreed to raise the transit fee for the transmission of Russian gas across Belarusian territory, and to raise the wholesale price of gas for customers in that country. This formally ends the bilateral gas dispute which in June led to Russia limiting gas transmission to Belarus for three days. However, this agreement is only temporary in nature, as the most important points of contention in the two states' relations, both concerning gas and crude oil, still remain unresolved.

The parties agreed to submit changes to the contract for supplying gas to Belarus over the period 2007-2011, in accordance with which Gazprom will pay US$1.88 for every 1000 m³ of gas transmitted over 100 km. This means that the Russian monopolist has agreed to pay US$32m of debt for transit for 2010, which was one of Minsk's demands. It was also agreed that Bieltransgaz (50% of whose shares are owned by Gazprom) will raise the wholesale price of gas for Belarusian customers, and in the period 2011-12, it will limit to the minimum that part of its profits which is assigned to the Innovation Fund of the Belarusian Energy Ministry, which Gazprom had previously called into question (since this move had reduced its income).

Aside from this agreement, Russian-Belarusian energy relations still remain unstable. At the end of this year, the parties will again have to negotiate the principles of their energy co-operation for 2011, including the transit fee for gas transmission, as well as the customs duties for Russian crude oil, which may lead to another conflict. <WojK>