

Minsk's oil demonstration

On 2 May, the first instalment of 80,000 tons of crude oil from Venezuela reached the refinery in Mazyr, Belarus. In accordance with the contract signed in March by Presidents Alyaksandr Lukashenka and Hugo Chávez, by the end of this year Belarus should receive a total of 4 million tons of crude. Although the Belarusian government has presented this project as a profitable undertaking, for the time being this is principally a demonstration, whose aim is to obtain more favourable conditions from Moscow for co-operation in the oil sector.

The Venezuelan crude reached Odessa by sea, and was then transported by rail to the Belarusian refinery in Mazyr. In the estimation of the Belarusian government and some experts, processing this oil could be profitable; its price is probably lower than that of the part of Russian crude oil which is burdened by full export duties (approximately 2/3 of oil supplies from Russia are subject to full export duties). However these are only estimates, because the price of sale in Venezuela is not yet known, nor are some of the transport fees. The attitude of Ukraine is also of great significance for the project's success, as they could open up the Odessa-Brody pipeline, and then the southern section of the Druzhba pipeline up to Mazyr, to this oil; this move would significantly reduce the transport costs. However, because of Kyiv's obligation to its Russian suppliers, as well as negotiations concerning further co-operation with Russia, Ukraine has dodged any final decision in this matter. At the same time, President Lukashenka has clearly emphasised that 'not a single cent' earned while processing Venezuelan oil, will reach the pockets of the Russian shareholders of the Mazyr refinery (to whom 42.5% of the shares belong).

Above all, then, this transport of crude oil from Venezuela should be treated as an attempt to demonstrate Belarus' energy independence. This gesture is aimed at winning more advantageous conditions for supply from Russia, which is the country's main supplier of crude oil. <kam>