

State Mediation Into Belarus-Russian Oil Dispute

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Belarussian Prime Minister Mikhail Myasnikovich plans to travel to Moscow later this week, his spokesman said Monday, in a sign that the state is getting involved as oil trade talks between Russian and Belarussian companies stalled over price.

Belarus agreed to buy 21.7 million metric tons of oil from Russia in 2011, while last year's supplies dried up Jan. 1, threatening a standstill for two Belarussian refineries as their reserves run out by the end of this month.

The impasse demonstrates the uneasy path toward closer economic ties between the neighbors, despite the customs union they set up last year.

Alexander Timoshenko, spokesman for Myasnikovich, declined to elaborate on the possible visit to Russia. Prime Minister Vladimir Putin's spokesman, Dmitry Peskov, confirmed that the prime ministers might meet later this week, providing no further details.

As part of the customs union, Russia agreed last month to waive export duties on the crude that travels to Belarus starting this year. In exchange, Belarus committed to sending back to Russia all duties it earns by re-exporting the refined products to Europe.

One of the reasons the deal didn't work, an industry source said, is because of a plan by Belarus to raise the westward transit fee for Russian oil by 12.5 percent next month.

“We will try to make up for that,” said the source, who asked not to be named because he wasn't authorized to comment on ongoing talks. “It's a two-way street.”

As a counter measure, Russian oil companies have asked for a surcharge of \$45 per ton of crude — a condition that Belarus rejected. Suppliers to Belarus such as LUKoil and Rosneft declined to comment Monday.

As corporate talks produced no results, both governments are stepping in. In the first move, Deputy Prime Minister Igor Sechin and Belarussian First Deputy Prime Minister Vladimir Semashko held a meeting Monday, a government source said.

Calls to Marina Kostyuchenko, spokeswoman for Belarus' state oil importer Belneftekhim, went unanswered Monday afternoon.

Energy Ministry spokeswoman Irina Yesipova said only that corporate talks were ongoing.

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