

# Baltic Link Pressures Urals Oil

By [The Moscow Times](#)

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LONDON — Urals crude prices in northwest Europe may decline once Transneft starts pumping from a new link in the Baltic Sea, according to JBC Energy.

Transneft started filling the Baltic Pipeline System-2 and will complete the operations by early October, Igor Dyomin, a Moscow-based company spokesman, said Monday.

"The additional seaborne supplies are likely to weigh on Urals northwest Europe differentials," analysts at the Vienna-based consultants led by Johannes Benigni said Tuesday in a note. "We are likely to see more cargoes from the north heading to the tighter Mediterranean waters in a reversal of the flows seen in recent days."

The pipeline, which will deliver crude to the port of Ust Luga, will initially get supplies from Transneft's stockpile and is expected to pump at higher capacity by December this year, JBC said. Dyomin did not say when Ust Luga would be ready to handle the oil.

The differential of Urals to benchmark Dated Brent in northwest Europe received "a boost

from a much shorter August loading program due to maintenance at the Primorsk seaport and vibrant refinery runs in Russia," the researcher said.

Urals exports from Primorsk on the Baltic Sea will drop to 1.25 million barrels per day in August, the lowest in six months, a loading schedule obtained by Bloomberg showed. Shipments from Novorossiisk on the Black Sea will gain 0.9 percent to 908,447 bpd from July, according to the plan.

The grade's discount to Dated Brent reached 90 cents a barrel on July 28 in northwest Europe, the narrowest since July 11, according to data compiled by Bloomberg. Urals was at \$1.05 less than the benchmark Tuesday.

BPS-2 will have an initial capacity to pump 30 million tons a year, or 600,000 bpd, which can be raised to 50 million tons, Transneft said. The link will include a spur to Surgutneftegaz's Kirishi refinery, it said.

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