

# Russia halts oil to Belarus, but transit to Europe still flowing



MINSK/MOSCOW (Reuters) – Russia has halted oil supplies to refineries in Belarus, the Belarusian state energy firm said on Friday, amid a new contract dispute that is also threatening large Russian oil deliveries to Western Europe crossing the country.

Belarus's state firm Belneftekhim said deliveries had been halted as of Jan. 1.

Two trading sources told Reuters Russian oil transit to Europe via Belarus was so far continuing uninterrupted.

A Russian industry source familiar with the discussions said Russia could agree to a short-term supply deal with Belarus in the coming days. Supplies would come from small Russian firms until a new, longer-term deal is agreed, the source said.

Europe receives around 10% of its oil via the transit link, known as the Druzhba pipeline, which can supply more than 1 million barrels per day to countries including Germany, Poland, Slovakia, Hungary and the Czech Republic.

Moscow and Minsk have had several oil and gas spats over the past decade, in what has been described as a love-hate relationship between presidents Vladimir Putin and Alexander Lukashenko.

Putin and Lukashenko have repeatedly toyed with the idea of political integration of the countries, but the autocratic Belarusian leader who came to power in 1994 has backtracked repeatedly.

Russia has cut subsidies to Belarus over many years and is now charging close to international prices for oil and gas, but contracts negotiations are often protracted.

“Deliveries have been suspended ... Plants are reducing their workload to the technical minimum,” a spokesman for Belneftekhim said.

Russian pipeline operator Transneft (TRNF\_p.MM) said Russian oil companies have not sent any oil to Belarus since Jan. 1, the TASS news agency reported.

“Since Jan. 1, we have not had any applications from oil companies to deliver to Belarusian refineries. However, oil transit through Belarus is continuing in full volumes,” Transneft spokesman Igor Dyomin was quoted as saying.

It was not clear when Moscow and Minsk could resume talks on their 2020 contract. Russia is on a New Year holiday until Jan. 9.

Belneftekhim said on Friday it had temporarily suspended the export of petroleum products as it was lacking the oil. It said it would ultimately fulfill its contractual obligations

but did not say how. It also said it had enough petroleum product reserves to supply its domestic market in January and beyond.

Belarus exports around 12 million tonnes of petroleum products annually, primarily to Ukraine and Poland, data from state statistics agency Belstat showed.

In the first 11 months of 2019, imports from Belarus made up 35% of Ukraine's diesel fuel market and 36% of its petrol market, according to Ukrainian consulting group A-95.

Reporting by Andrei Makhovsky in MINSK, Olga Yagova and Gleb Gorodyankin in MOSCOW, Pavel Polityuk in