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Oil refining industry



OIL REFINING INDUSTRY

The capacity of oil refining industry of Belarus is substantially greater than the internal needs of the country

Oil extraction in Belarus is carried out by the state production association "Belorusneft". Every year the country produces about 1.7 mn tons of crude oil. However, the major fields are at their final development stage. The volume of imports of crude oil is about 20.5 mn tons, a major supplier is Russia.

The competition is characterized by an almost complete government monopoly

Besides, the capacity of oil refining industry is about 21-22 mn tons. Production of the main petroleum products accounts for 15 mn tons. Consequently, the utilization of production capacities of Belarusian refineries is strongly dependent on the volume of imports and terms of supplies of crude oil.

The main governing body of the industry is the Belarusian State Concern for Oil and Chemistry "Belneftekhim" which regulates and controls all enterprises of petrochemical and chemical industry. There are 2 players: 100% state-owned "Naftan" and "Mozyr Oil Refinery" (42.581% owned by the Russian Gas Company "Slavneft").

By the volume of crude oil refining Belarus is at the same level as Hungary, Austria, Croatia

By the volume of crude oil refining, Belarus is on a par with such countries as Hungary, Austria, Croatia, which process about 22 mn tons of oil per year. More than 40% of oil refining capacities are concentrated in the USA and about 34% - in Western Europe. Leaders in the ranking of countries by this indicator: the USA, Japan, China and Russia.

Belarus is interested in attracting investors with commodity flows primarily from Russia

According to Belneftehim, the concern aims at attracting investors with commodity flows primarily from Russia. Belarus currently almost refused to buy raw materials (oil) from other regions.

A key requirement for investment companies is most likely to be the assumption of funding commitments and realization of development programs.

In respect of "Mozyr Oil Refinery" the cost of the program is estimated at more than USD2 bn. Modernization of "Naftan" requires USD1.4 bn and realization of about 22 projects.

Belarus is strongly dependent on oil supplies from Russia. However, in 2010 Belarus started to seek an alternative to Russian oil supplies, when the country changed the terms of oil supplies to Belarus.

In 2010-2011, Belarus imported about 1.3-1.7 mn tons of oil from Venezuela and Azerbaijan. However, in 2012 Venezuelan oil supplies declined significantly, Azerbaijani – were stopped.

Belarus exports annually about 15-16 mn tons of petroleum products, the main directions - the Netherlands, Ukraine, Latvia.

Such companies as "Lukoil", "Slavneft", "Surgutneftegas", "Litasko-Belorussia", "Univest-M", "Slavneftekhim", LLC "Triple", CJSC "Belrosneft", "Iterabelnafta" supply oil on commission terms to Belarusian refineries.

Refining industry is strongly dependent on imported raw materials, while the petroleum products – is of the major Belarusian export items

UNITER Investment Company – financial and investment adviser in Belarus with 14+ years of experience with national and international investors in 40+ industries and markets within the country.

The company's activity is focused on investment banking; support of foreign investors and attraction of financing for national companies; conducting marketing and analytical research; project and asset management.

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