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# Russians turn off Europe's oil supply

## Alarm at Moscow's strong-arm tactics

## Merkel tells *The Times* 'we need secure energy'

Tony Halpin in Moscow, Christine Seib and Roger Boyes

Moscow abruptly halted millions of barrels of oil destined for the EU via Belarus in an increasingly hostile wrangle with its neighbour.

The move raised further questions over whether Western Europe can trust Mr Putin for its energy supply. Experts said that Russia had a deeply entrenched habit of manipulating oil and gas supplies as a substitute for diplomatic policy.

Russia's strong-arm tactics have added resonance in Britain, amid persistent speculation that Gazprom, the Kremlin-controlled gas group, will seek to buy Centrica, the British Gas group, which has 16 million gas and electricity customers in the UK. Angela Merkel, the German Chancellor, told *The Times* last night that Germany will use its six-month EU presidency to improve energy security on the Continent. In her first interview with a British newspaper she signalled that she would take a harsher line towards Russia than her predecessor, Gerhard Schröder, who is now on the board of a German-Russian consortium constructing a gas pipeline linking Russian gasfields with Western Europe.

"For us, energy is what coal and steel used to be," she said, referring to the driving forces behind the European project.

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Russia's "gas war" with Ukraine last January caused supplies to Europe to drop briefly by a third during one of the coldest winters recorded. In this case, Mr Putin's struggle with President Alexander Lukashenko of Belarus, branded "Europe's last dictator" by the US, once again reduced the EU to watching nervously from the sidelines as its energy supplies were hit.

Belarus considered itself Moscow's closest ally until a week ago, but was on the verge of a trade war last night after the bitter flare-up over oil duties. More than 1.2 million barrels of oil a day flow from Russia through the Druzhba, or Friendship, pipeline, providing almost a quarter of Germany's needs and 96 per cent of Poland's imports, as well as supplies to Ukraine, Hungary, Slovakia and the Czech Republic.

Andrei Sharonov, Russia's Deputy Trade and Economic Development Minister, accused Belarus of jeopardising contracts with European customers by imposing a tax on oil passing through the pipeline. Relations between the two countries have soured rapidly since New Year's Eve, when Belarus and Russia's state-run monopoly Gazprom came within minutes of failing to agree a gas contract for 2007.

The Government in Minsk was forced to accept a doubling of gas prices to prevent supplies from being cut to its ten million citizens.

The oil dispute centres on a tit-for-tat row over taxes. Minsk introduced a penalty on January 1 on Russian oil crossing Belarus to Europe, in retaliation against Moscow's decision to slap a duty on oil it sold to Belarus. A government delegation from Belarus flew to Moscow last night to try to negotiate a settlement. But Mr Sharonov said that there would be no talks until Minsk cancelled its tax. Europe should expect to see the natural resources giant use the same ploy in the future to extract market prices for oil and gas out of former Soviet states, experts said.

Andris Piebalgs, the EU Energy Commissioner, said that he was seeking an "urgent and detailed explanation" about the cut in oil deliveries.