

Petrol PLAZA

Making the case for foreign players to enter Belarus

Belarusian information platform for the fueling sector Zaprouka.by provides a market overview of the service station industry, making the case for foreign players to enter the region as there is a shortage of stations and a need for modern services.



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Belarus acts as a transport bridge between two large, tied-up economies: European Union and the Commonwealth of Independent States (mainly Russia). For most European countries the shortest and cheapest way to Russia is through Belarus, making it a good stimulus for the development of gas station networks. In addition, there are more than 3 million cars in Belarus that need to visit stations almost on a daily basis and drivers that require complete services. Here is summary of the current fuel retailing industry in Belarus.

Total amount of filling stations in Belarus is 850 sites. There are 7 major fuel retailers in the country which control almost 95% of the Belorussian market. Volume of sales stand at 1.6 million tons of motor fuel annually divided in gasoline (920 thousand tons) and diesel (680 thousand tons).

Separately, 92.8 thousand tons of LPG were sold last year. Annual turnover stays around €1.4 billion (USD 1.6 billion).

Fuel sales shares in the market (by volumes):

- RON-92 – 30,4%
- RON-95 – 22,45%
- RON-98 and RON-100 – 1,5%
- Diesel – 40,17%
- LPG – 5,48%

A need for more stations and foreign players

To start a fuel retailing business you first need to get a license from the Belorussian State Concern for Oil and Chemistry (Belnetekhim), which acts as the market regulator. Obtaining a license as a serious foreign company is not a problem.

Belneftekhim sets the maximum prices for motor fuels and all operators and stations may sell under that cap. Fuel retail sales are very profitable as the state holds a big position of the market.

Except for big Russian oil companies, unfortunately there are no foreign operators in the market. Western fuel retailers have good and strict quality standards. And they may act as the market marker for other players. Local and transit fuel consumers would only benefit from this.

The Belarusian non-fuel segment is relatively new. Although everyone can get reasonable services at Belorussian filling stations, there is still a long way to go to reach better standards.

In 2017 we (Zaprauka.by) conducted a special research “Are there enough filling stations in Belarus?”. After comparing the data to neighboring countries of the region (Poland, Lithuania, Latvia, Ukraine and Russia), we came to the conclusion that there is a clear shortage of stations in Belarus. All the indexes (cars per site; road length per site; state area per site; population per site) showed that there was two to three times less sites compared to the country’s neighbors.



State-owned Belarusneft is the country's biggest player | © Zaprauka.by

The city of Minsk enjoys a more or less good standard in the number of sites. However, in main highways and regional cities there is a clear need. We estimate that the Belorussian market needs around 400 gas stations to be put into operation.

The present situation can only be explained by the specifics of the local market. The context can be compared to that of fast food restaurants several years ago. From the beginning of the 1990s to 2015 there were only 6 McDonald's restaurants open in the country, all of them in Minsk. Despite a strong demand, there was no entrepreneurial activity to open more. Until 2015, when KFC, Burger King and other chains entered the market. There are now 19 McDonald's, 35 KFC restaurants and 29 Burger Kings.

The Belorussian fuel retail market is in need of strong independent players to switch from its current stand-by mode and start moving towards international standards. Western fuel retail operators would benefit the Belarus market and it could be the impulse that the market needs. For foreign fuel retail operators, it could represent an interesting and profitable opportunity.

Current major players

The Belarus refueling operators can be divided into 4 main groups. In the first there is the state-owned company Belarusneft. Second, fuel retailers which are subsidiaries of big Russian oil companies. Third, private national capital owned companies. Fourth, small retailers with one or two sites.

Belorusneft (570 sites, market share - 67,06%). Belorusneft has got more than 67% of the whole market both by fuel sales volumes and quantity of sites. It is 100% owned by the Belorussian

government and its sites are spread all around the country. Belorusneft sells all types of standard motor fuels (except RON-100) and also promotes branded ones. They have got a line of branded gasolines: BN-92, BN-95 and Flagman-95. In the non-fuel segment Belorusneft focuses on commodities retail (400 convenience shops), food-court, fast-food and especially on coffee sales. Non-fuel business of Belorusneft is being developed under the brand 'Заўжды ЦІКАВА'. The name means "Always interesting" playing with the concept of coffee (KAVA).



Lukoil | © Zaprauka.by

Lukoil (83 sites, market share - 9,76%). Lukoil is the Belorussian subsidiary of Russian oil company LUKOIL. It is the first fuel retail company with foreign capital that started doing business in Belarus (1992). The concept fits all the standards of the parent company. All fuel types are being sold at Lukoil filling stations except RON-98. In this network you can also tank with braded motor fuels: gasoline "EKTO-100" and diesel fuel "EKTO-Diesel".

Gazpromneft (48 sites, market share - 5,65%). A subsidiary of Russian oil company Gazpromneft. It began its activities in Belarus in 2009. With its arrival in the market came a new era in the fuel retail business. The company started a modernization program on accumulated sites and it was a real impulse for other operators to start moving in that direction. Gazpromneft sells RON-92, RON-95, RON-98 and diesel at its station (no RON-100 and LPG). There is also the branded gasoline in this network - "G-Drive-95". Gazpromneft offers non-fuel service (food-court, fast-food) under the "G-Drive Café" brand. Together with Lukoil and Belorusneft, it is the only retailer represented in all regions of Belarus although its main focus is the Minsk area.

Rosneft (36 sites, market share - 4,24%). A subsidiary of Russian oil company Rosneft. Rosneft came to the Belorussian market by taking control under another Russian oil company - TNK-BP (in

2013 state-owned Rosneft bought TNK-BP from Russian oligarchs and BP). Rosneft works under two brands: Rosneft and Slavneft. One can buy RON-92, RON-95 and diesel fuel. No branded motor fuels are offered. Main regions of its activities – Minsk, Minsk region, Brest region and Mogilev region.



Slavneft (Rosneft) | © Zapruka.by

A-100 (36 sites, market share - 4,24%). A-100 is a private owned company controlled by local Belorussian businessmen. One of the eldest players at the Belorussian market. Today A-100 is the biggest Belorussian private OMC. They sell RON-92, RON-95, diesel fuel and LPG. No branded fuels in this network. A-100 takes the first place in automatic filling stations. There are 9 of them in this network out of 15 in whole of the country (the others are owned by Belorusneft). A-100 wants to develop non-fuel segments (especially food-court and fast-food) both itself and collaborating with public catering companies. Almost all A-100 sites (except 4 stations) are situated only in two big cities – Minsk and Brest.

Tatneft (18 sites, market share - 2,12%). A subsidiary of Russian oil company Tatneft. It has been working at Belarussian market since 2010. Motor fuels types for tanking are RON-92, RON-95, diesel fuel and LPG. And also, you can find there Tatneft branded diesel fuel – TANECO. Filling stations are mainly located along highway E-30 (Brest-Minsk-Russian Federation border).

United Company (11 sites, market share - 1,29%). United Company is the second largest private fuel retail operator that are owned by local Belarussian businessmen. It started its activities in 1993. At United Company sites all types of standard motor fuels (except RON-100) are being sold. No branded fuels. The main non-fuel segments of United Company are garden centers and food-court. Core regions for United Company business are Minsk and Minsk region.

Small Players (48 sites, market share - 5,65%). These fuel retailers are represented by a group of companies that own from one to several (not more than 10) filling stations, mainly in the separate districts of the Republic of Belarus and do not have any influence on the main market situation.

You can find more information on the Belarus market at <https://zaprauka.by/>. If you would like to get in touch directly, please contact the team at info@zaprauka.by, +375 29 9660845.