

Israeli Pipeline Gives Russia a Mediterranean-Red Sea Route

Reuters

LONDON -- Israel's Eilat-Ashkelon oil pipeline is swapping Egyptian crude oil for Russian this month as it reverses direction to enable the shipment of Mediterranean market crude to Asia, oil traders said Friday.

The Eilat-Ashkelon Pipeline Company last month awarded a tender to swap various Egyptian crude oil mixes that remained in the pipeline for Russia's sour Urals crude.

The swap is the final stage of the pipeline's plan to transport Russian and Caspian crude from its Ashkelon port on the Mediterranean to Eilat, on the Red Sea, for easier sale into Asia, a region heavily dependent on Middle East oil.

The pipeline, with a design capacity of 1.2 million barrels per day, was previously used to move Egyptian crude into the Mediterranean, including Israel's two refineries.

But that business has tailed off with frostier relations between Egypt and Israel, prompting EAPC to seek new business.

Russian companies and Caspian producers are eager to tap new markets in Asia and the United States in order to avoid eroding prices in their cornerstone European markets as supplies rise.

EAPC will compete with Egypt's Suez Canal for the transit of Russian and Caspian oil to eager eastern markets, with the added advantage of being able to load supertankers, which are restricted through the canal.

But shippers note one problem -- tankers calling at Israeli ports will face restrictions on docking at other Gulf ports.