

BP's Rosneft Deal in Doubt After Sechin Departure

By [The Moscow Times](#)

April 12, 2011

The  Moscow Times

LONDON — BP's planned \$18 billion tie-up with Russia's Rosneft was looking even more uncertain after chief backer Igor Sechin stood down as Rosneft chairman, and sources said BP faced a new legal challenge.

Deputy Prime Minister Sechin resigned his position after President Dmitry Medvedev ordered the removal of ministers from the boards of state companies as part of his campaign to separate politics and business.

BP's tie-up with state-controlled Rosneft is already blocked by a court injunction secured by BP's Russian partners in its TNK-BP venture, and analysts said Sechin's departure could reduce any political pressure on the oligarchs to drop their opposition.

"Now the Rosneft chairman has quit, it makes it even less likely the deal will go through," said Dougie Youngson, an oil analyst at Arbuthnot.

TNK-BP is also mulling a legal claim against BP for damages of up to \$10 billion, sources close to the company said, for reneging on an undertaking to use TNK-BP as the main vehicle for investment in Russia.

When TNK-BP chief executive Mikhail Fridman first voiced his anger at the BP-Rosneft tie-up, analysts expected Sechin's vocal support of the deal would ensure it proceeded.

His successor may not feel the same need to defend the deal.

Interfax reported Sechin would be replaced by Sergei Shishin, a senior vice president of VTB bank and nominee to the board of RusHydro, citing a source close to the Rosneft board.

Russian media have reported Shishin was formerly deputy director of the FSB, and he has a reputation for being low key.

This may mean that he would be less inclined to be a public champion for the deal, in the way Sechin was, but one well-placed financial source said the boardroom shakeup was unlikely to lead to any material changes in strategy.

The changeover comes as the agreement on the planned \$16 billion share swap is just two days from expiring on April 14.

Sources close to the process said that, in addition to trying to reach an agreement with AAR, the consortium of four Russia-connected billionaires that owns 50 percent of TNK-BP, that would allow the lifting of the injunction, BP is in talks with Rosneft about deferring the deadline.

Original url:

<https://www.themoscowtimes.com/2011/04/12/bps-rosneft-deal-in-doubt-after-sechin-departure-a6274>