

Rosneft Asks to Buy State's 20% Stake in Port

By [The Moscow Times](#)

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Rosneft, the world's largest listed oil company by output, has asked President Vladimir Putin to sell it the state's 20 percent stake in Novorossiisk Commercial Sea Port, or NCSP, Reuters reported.

Rosneft CEO Igor Sechin, a Putin ally, said the company needed onshore infrastructure to develop the Black Sea's offshore deposits, in the letter to the president dated Oct. 10.

Rosneft declined to comment.

Analysts said they were skeptical about a possible deal, which would increase Rosneft's already high debt levels.

"Gross debt in the third quarter was unchanged from the end of the second quarter at \$73.4 billion, which is about 87 percent of Rosneft's market capitalization," Alfa Bank said

Wednesday, valuing the stake at \$414 million.

The state plans to sell its stake in NCSP by the end of this year as a part of a wider privatization drive.

State pipeline monopoly Transneft and private investment group Summa Group jointly own 50.1 percent of NCSP, which operates the ports of Novorossiisk and Primorsk, accounting for more than half of crude exports from Russia.

Both companies have been also at odds over the control of NCSP, Russia's biggest crude export operator.

Transneft, which together with Summa acquired the stake in NCSP in 2010, has been seeking tighter control over oil flows, the lifeblood of the country's \$2.1 trillion economy.

Earlier this month, Transneft bought 10 percent in NCSP, moving to increase its stake as it battles Summa Group for control. The rest of NCSP shares are held by minority shareholders, including companies linked to Russian Railways with 5.3 percent stake, or are in free float.

"It is slightly negative sentiment-wise, as there is no solid reason for the NCSP deal other than giving Rosneft access to NCSP's infrastructure despite its complicated relations with Transneft," Alfa Bank said.

Sechin, who has been close to Putin for 20 years, moved from the Kremlin and then government to Rosneft last year, overseeing the company's growth from a mid-sized oil producer to Russia's biggest.

Rosneft became the world's largest listed oil company by output after the \$55 billion takeover of TNK-BP this year.

Increasing debt has not stopped Sechin from snapping up oil and gas assets across Russia, moves which have irritated other members of Putin's inner circle, including Gennady Timchenko, a shareholder in Russia's second largest gas producer Novatek, analyst said.

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