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Plans to Privatize Rosneft Unchanged, Minister Says

By The Moscow Times

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The government expects to raise $11.5 billion from selling Rosneft shares.

Russia intends to press ahead with plans to privatize a 19.5 percent stake in state-owned oil giant Rosneft, RIA Novosti reported Thursday, citing Economic Development Minister Alexei Ulyukayev.

"The plan is unchanged, preparations are already under way. We are talking about the sale of the entire 19.5 percent state share, probably in two tranches," Ulyukayev said.

Ulyukayev had said previously that U.S. sanctions against Rosneft could affect the privatization plans. In an attempt to pressure Russia into ceasing its support of separatist rebels in eastern Ukraine, the U.S. in July cut off Rosneft's and other major Russian companies' access to long-term debt in U.S markets.

At that time, Ulyukayev also said the government would only sell if Rosneft's share price was

at least as high as it was during its initial public offering in 2006, when the shares sold for $7.55. Rosneft shares were trading at 227.73 rubles ($6.20) at 5:20 p.m. on Thursday.

The federal budget for 2015 includes 423 billion rubles ($11.5 billion) that the state expects to gain from the sale, which will leave the government with 50 percent plus one share in Rosneft.

The government laid out a multibillion-dollar privatization plan in 2010 that was intended to reduce the state's overbearing role in the economy and improve Russia's investment climate, but the plans have been plagued by delays.

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