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Britain Reported to Block $6.5 Billion Russian Energy Deal

By The Moscow Times

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Russian billionaire Mikhail Fridman

A $6.5 billion attempt by Russian billionaire Mikhail Fridman to buy the oil and gas operations of German utility firm RWE, which has operations in British coastal waters, could be blocked by London, the Financial Times reported Wednesday.

The purchase, if completed, would be the first major acquisition for Fridman's Luxembourg-based fund LetterOne. The fund was set up last year to invest proceeds from the sale by Russian tycoons of their stake in private Russian oil firm TNK-BP to state owned Rosneft last year.

United Kingdom Energy Minister Ed Davey was "not minded" to give official approval to the sale, the Financial Times reported citing unnamed sources.

The U.K. government is apparently reluctant to approve the sale due to Western sanctions

imposed this year on Moscow for its annexation of the southern Ukrainian region of Crimea and support for separatist rebels in the east of the country.

Fridman is not among dozens of Russian businessmen and officials who have been hit with asset freezes and travel bans as a result of sanctions. LetterOne is not a sanctioned company.

A consortium of four Russian billionaires, including Fridman and German Khan, his business partner in LetterOne, were handed $28 billion for their stake in TNK-BP in a $55 billion deal last year. The sale turned Russia's state-owned Rosneft, a key target of Western sanctions, into the biggest publicly-listed oil company in the world.

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