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Sanctioned Russian Oil Major Rosneft Plans $15 Billion Bond Issue

By The Moscow Times

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The logo of Russia's top oil producer Rosneft is seen on a gasoline station near a church in Stavropol, southern Russia, on Dec. 9, 2014.

Sanctioned Russian oil giant Rosneft is looking to raise cash by issuing 800 billion rubles ($15 billion) in bonds, the Prime economic news agency reported Wednesday.

The debt will be raised on the Russian market in the form of 12 issues of six-year bonds, Prime reported, citing company documents.

Rosneft has lost almost 40 percent of its market value this year amid falling oil prices and Western sanctions imposed over Russia's role in the Ukraine crisis, which have curtailed the ability of Rosneft and other state-owned companies to find long-term financing on Western capital markets.

Rosneft, which owes about $60 billion to banks and bondholders, has asked the Russian

government for a reported 2 trillion ruble ($37 billion) bailout to be financed from the National Welfare Fund, a rainy-day fund accumulated during a period of high oil prices in the 2000s.

The request is currently being considered by the government.

Rosneft's bond issue may be a way for the company to receive state money, Russian newspaper Kommersant reported Wednesday, citing unnamed sources. The government has used such bond issues as a mechanism for refinancing state companies.

Former Finance Minister Alexei Kudrin said Nov. 12 that Rosneft should not receive funds from Russia's financial reserves, Bloomberg reported. Taking state handouts would give the impression that Rosneft is in a state of crisis, which is not in the company's interests, Kudrin said.

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