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Britain Determined to Block Russian Tycoon's RWE Gas Deal - Source

By The Moscow Times

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The headquarters of German utility RWE seen in Essen, Germany.

Britain will not back down over its opposition to Russian tycoon Mikhail Fridman's purchase of North Sea gas licences having cemented its objections at a meeting attended by Prime Minister David Cameron, a government source said.

The British government discussed the sale of German utility RWE's oil and gas production unit to Fridman at its National Security Council in recent weeks, the source said Wednesday.

"It was discussed at the highest level, a sign of how seriously we take the matter," said the source, who spoke on condition of anonymity.

"The government is not going to change its position on the matter," the source said.

Such unusually robust comments reflect the strength of opposition in Britain to the deal and place one of Russia's most successful oligarchs on a collision course with the rulers of the

world's sixth largest economy.

German utility RWE on Monday finalized the sale of its oil and gas production unit DEA RWEDE.UL to Fridman's investment vehicle LetterOne, ending months of uncertainty over whether the 5.1 billion euro ($5.7 billion) deal would go ahead.

The transaction, first announced a year ago, coincided with sanctions imposed on Russia for its actions in Ukraine, sparking concern in some EU countries about whether a European oil and gas business should fall into Russian hands.

Britain on Saturday said the deal's structure did not alleviate concerns that possible future sanctions against LetterOne's owners Fridman and his partner German Khan could negatively impact production.

Fridman is ranked by Forbes as the world's 68th richest person with a fortune of $14.6 billion, while Khan is ranked 133rd with a fortune of $9.6 billion.

LetterOne has hired ex-CEO of oil major BP, John Browne, as executive chairman of LetterOne's energy division saying it wanted to use North Sea assets as a platform for a global expansion.

Britain's Department of Energy said in a statement on Saturday: "If the proposed acquisition were to proceed in its current form, the (Energy Secretary Ed Davey) would be minded to require the companies to arrange for a further sale to a suitable third party."

"The issue here is around the ownership of a particular energy asset and that is the area in which we are keen to see action," Cameron's spokesman told reporters on Wednesday.

When asked what he wanted the companies to do, the spokesman said: "The opportunity that exists for the commercial parties to ensure the divestment of the particular asset."

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