The Moscow Times
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Russian Oil Giant Rosneft Demands Immediate Government Aid – Report

By The Moscow Times

April 21, 2015

The logo of Rosneft company is pictured near oil derrick at Vankorskoye oil field north of Krasnoyarsk] RUSSIA-BUSINESS/ Logo of Rosneft company is pictured near oil derrick at Vankorskoye oil field north of Krasnoyarsk The logo of Rosneft company is pictured near an oil derrick at Vankorskoye oil field north of the Russian Siberian city of Krasnoyarsk, March 25, 2015.

Sanctioned Russian oil giant Rosneft has asked the government to grant it emergency state funding by June 1 or face a huge shortfall in tax revenues over the coming years, Russian business daily Vedomosti reported Tuesday.

State-owned Rosneft, the country's biggest oil producer, said in a letter to Deputy Prime Minister Arkady Dvorkovich that the development of the Russkoye oil field would be delayed by up to two years and the Yurubcheno-Tokhomskoye field by a year unless the government granted the funds in short order, Vedomosti reported, citing a copy of the letter.

Rosneft did not respond to a request for comment Tuesday.

The letter said failure to hand over the funds would depress output from the fields for five years and cut tax revenues by more than 90 billion rubles ($1.9 billion), according to the paper.

The warning comes as Russia's economy veers toward a recession this year, forcing the government to slash budget spending.

Rosneft was cut off from Western capital markets last year by sanctions imposed over Russia's actions in Ukraine. It is seeking the funds from the $74 billion National Welfare Fund, one of Russia's two oil-revenue-funded reserves.

Rosneft has applied for 1.3 billion rubles ($25 billion) from the fund, though only a fraction of that sum has been approved.

Dvorkovich's office declined to comment to Vedomosti, which cited an unnamed federal official as saying it was unlikely the money would be granted by June 1.

“Rosneft's letter looks like blackmail,” the official told the paper.

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