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Putin Mulls Sale of Rosneft Stakes to Chinese, Indian Companies

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Russian President Vladimir Putin is considering selling a 19.5 percent stake in the Rosneft oil giant to companies in India and China to cover Russia's budget deficit, the Bloomberg news website reported Monday.

Russia would like to carry out a joint deal with both countries, the news agency reported, citing unidentified sources. The value of the deal is estimated at 700 billion rubles ($11 billion), which would set a privatization record for the country.

A deal would help Putin to cover budget shortfalls before the presidential elections in 2018 and would balance the 19.75 percent stake in Rosneft purchased by London-based BP Plc in 2013.

Russia's budget is currently under strain because of economic recession which was aggravated in 2014 over Western sanctions and falling oil prices.

Both China and India previously expressed interest in the sale of Rosneft, but neither of the countries confirmed that a joint deal is being considered, Bloomberg reported.

President Vladimir Putin's spokesman Dmitry Peskov said on Monday that the Kremlin does not have a preference between Indian or Chinese investors and said that all options are being considered, the RIA Novosti news agency reported.

Even with the sale of the 19.5 percent stake, the state will retain control over the country's largest publicly traded oil company. State holding company Rosneftegaz currently controls 69.5 percent of Rosneft and Britain's BP holds 19.75 percent.

Plans to sell a 19.5 percent stake in Rosneft were first voiced in 2014. Late last year, Finance Minister Anton Siluanov said the sale would take place in 2016. He did not name any potential buyers, but mentioned Chinese investors among the contenders.

The Kremlin began seeking closer ties with Asian countries and in particular with China, after Russian relations with the West worsened over the conflict in Ukraine. Many, however, note that Russia's pivot to Asia hasn't produced significant results.

New bilateral projects are moving slowly and a $400 billion long-term gas deal, signed by Russia's Gazprom gas giant and China' CNPC in 2014, cannot be considered a result of the new pivot, as it was preceded by a decade of negotiations.

Last year Russia and China failed to reach a planned goal of $100 billion of annual trade as the turnover dropped by 27.8 percent to $64.2 billion in 2015.

On June 25, Putin will pay an official visit to China at the invitation of Chinese President Xi Jinping, the Kremlin's press office said in a statement Monday.

The two leaders are set to discuss steps toward the further development of Russian-Chinese partnership and cooperation in trade, economic, investment, scientific-technical and humanitarian spheres.

The agenda will also include key international issues, cooperation in multilateral and regional organizations, in particular in the United Nations, BRICS, G20 and the implementation of the agreements that will be reached during the SCO summit in Tashkent, the statement said.

The annual summit of the Shanghai Cooperation Organization (SCO), that includes Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, is due to take place in the Uzbek capital of Tashkent on June 23 and 24.

India and Pakistan are expected to join the organization in June, Kazakhstan's President Nursultan Nazarbayev said earlier this month, according to RIA Novosti.

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