

Putin Bans Ally Sechin from Bashneft Privatization Deal

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Igor Sechin **Alexei Nikolsky / AP**

Russian President Vladimir Putin has forbidden energy giant Rosneft from taking part in next month's privatization of oil company Bashneft, Bloomberg reported Tuesday.

The Kremlin is to sell its stake in the company, which consists of just over 50 percent of Bashneft's shares. The stake has been independently valued at up to 315 billion rubles (\$4.7 billion).

Rosneft's application to take part in the deal had sparked widespread uncertainty across Russia's economic landscape. Although the company is legally allowed to bid for the shares, the Russian state owns a 50.8 percent stake in the firm through its parent company, Rosneftegaz.

Rosneft, headed by longstanding Putin ally Igor Sechin, had argued that acquiring Bashneft would increase the value of the company, and of the government's stake in the firm, Bloomberg reported. The Kremlin plans to sell its share in Rosneft later this year, after the Bashneft sale.

Russia's financial authorities are reported to be strongly opposed to any potential Rosneft bid, with one government official recently telling the Vedomosti newspaper that Rosneft would "99 percent" not take part in the auction. Strong contenders to take a controlling stake are Lukoil and Independent Petroleum Company (IPC), the source confirmed.

"IPC has often been billed as a Rosneft affiliated player," President of the Institute of Energy Policy, Vladimir Milov, [wrote in The Moscow Times](#). Yet even if IPC succeeds in winning the initial privatization, Rosneft may, further down the road, step in to buy off all or most of the "privatized Bashneft assets," he said.

Russia is selling off many of its energy assets in a bid to balance lost funds from the falling price of oil: a crisis which has seen Russia's economy plunged into its longest recession since Putin came to power in 2000. The Kremlin recently raised 52.2 billion rubles (\$806 million) after selling off a 10 percent stake in diamond mining company Alrosa.

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