The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Oil Firm Rosneft Could "Privatize Itself"

October 05, 2016



Headquarter of Russia's state-owned oil giant Rosneft is seen through the jagged walls of Moscow's Kremlin. **Ivan Sekretarev / AP**

State-controlled oil giant Rosneft may ultimately "privatize itself," the Vedomosti newspaper reported Wednesday.

Energy investment fund Energia is reported to have recently set forward plans which could see Rosneft purchase its own government-owned share package from its majority shareholder, state energy company Rosneftegaz. The Russian government had planned to sell its 19.5 percent minority share in the company this year for $11 billion.

The maneuver could bring in a quick 700 billion rubles ($11.2 billion) for the state budget, as well as extra funds from any subsequent resale.

Russian media recently reported that Rosneft would also be allowed to purchase the 50.8 percent controlling stake in state oil company Bashneft for 316 billion rubles ($5.2 billion).

The plan has seen some strong opposition in the Kremlin. While Rosneft can legally take part in the privatization deal, the Russian state owns a controlling stake in the firm through parent company Rosneftegaz.

The proposed "self-privatization" would solve any potential problem with finding a buyer for Rosneft's government stake after the Bashneft deal. The privatization of the combined Rosneft and Bashneft is slated to fetch the Russian government around $16 billion.

Original url: https://www.themoscowtimes.com/2016/10/05/rosneft-to-privatize-itself-a55603