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Kremlin Confirms Oil Giant Rosneft to Privatize Bashneft

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Maxim Stulov / Vedomosti

Russian oil giant Rosneft is to privatize the Bashneft energy company in a deal worth $5.3 billion, the Kremlin has confirmed.

After months of speculation, Russian Prime Minister Dmitry Medvedev announced on Monday that the company sale had been officially approved.
The figure marks a major victory for the government, whose 50.755 percent stake in the company had been independently valued at $4.7 billion.

Bashneft's privatization has sent shock waves through Russia's economic circles, with many condemning Rosneft's role in the deal. Despite being legally allowed to bid for the shares, the Russian state owns a 50.8 percent stake in Rosneft through its parent company, Rosneftegaz.

Rosneft CEO Igor Sechin has justified the move with claims that any deal will ultimately benefit the Russian state. The government had already planned to sell its 19.5 percent share in Rosneft for $11 billion in 2016, but the Bashneft deal could drastically increase the stake's value.

Russia is selling off a number of assets in a bid to balance lost funds from the falling price of oil. 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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