

After Controversial Arrest, Rosneft Makes Offer to Bashneft Minority Shareholders

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Igor Sechin (L), a Rosneft employee, and Vladimir Putin (R) at an opening ceremony in June 2012.
Kremlin Press Service

Rosneft has made an offer to acquire another 37.52 percent of the Bashneft oil company, but the timing and circumstances will leave many scratching their heads.

Today Rosneft sent a proposal on purchasing 55,446,137 ordinary shares of Bashneft to the company's minority shareholders, the Vedomosti newspaper reported. Previously, on Oct. 28, Rosneft had also sent an offer to the Central Bank on purchasing these shares.

However, Rosneft's latest offer coincides with one of the biggest economic news stories of the year and perhaps the strangest twist in the convoluted story of Bashneft's recent privatization. Today, federal investigators charged Economic Development Minister Alexei Ulyukayev with accepting a \$2-million bribe for granting approval of Rosneft's bid to purchase a 50.08 percent majority share in Bashneft last month.

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But the investigation into Ulyukayev has not questioned the legitimacy of Bashneft's privatization. As a result, today's events are unlikely to affect Rosneft's efforts to make further purchases, Rosneft says.

“The events connected to Ulyukayev will in no way affect the activities of the company, including its plans to make an offer to Bashneft's minority shareholders,” said Rosneft representative Mikhail Leontiev. “[Rosneft] operates within the legal framework in accordance with the obligations it has assumed.”

The investigation would only endanger Rosneft's new proposal if investigators were to determine that that the company's 50.08 percent stake in Bashneft were somehow undervalued before the purchase, said Andrei Goltsblat, managing partner of Goltsblat BLP. So far, there are no indications that this will happen.

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