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Ulyukayev Arrest Scuppered Japanese Bid for Shares in Russia's Rosneft

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Maxim Stulov / Vedomosti

The arrest of Russian Economy Minister Alexei Ulyukayev may have killed off a privatization deal being brokered between Japanese investors and Russian oil giant Rosneft, the Dozhd television network reported Thursday.

Japan's state-owned Oil, Gas and Metals National Corporation (JOGMEC) had earlier expressed interest in buying the Kremlin's 19.5 percent share in Rosneft, an unnamed source told the outlet.

Japanese negotiators were reportedly reassured that Ulyukayev was "absolutely trustworthy" prior to his Nov. 14 arrest on charges of corruption.

The arrest reportedly shook Japanese officials, who Dozhd's source described as having been "extremely cautious."

The loyalty of fear: Read more on Putin's message to the Russian elite with the arrest of Economic Minister Ulyukayev.

The Russian side also had doubts about the Japanese deal, Dozhd reported. Rosneft feared the deal would not be settled before the Kremlin's Dec. 5 deadline.

Rosneft had reportedly faced considerable state pressure to sell the shares before the end of the year and provide a much-needed boost to Russian state coffers.

The Kremlin's 19.5 percent stake in Rosneft was bought by British-Swiss commodities trading firm Glencore and the Qatari Sovereign Wealth Fund for 10.2 billion euros ($11.3 billion).

Rosneft's shares skyrocketed by 5.1 percent to reach 364.5 rubles ($5.75) per share when news of the deal broke on Dec. 8.

Neither JOGMEC's Moscow office's nor the Japanese Ministry of Economy, Trade and Industry responded to requests for comment.

Rosneft press secretary Mikhail Leontiev told Dozhd that negotiations had been carried out between several companies, but did not comment on a potential deal with JOGMEC.

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