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Eni wants to let Gazprom into Czech refineries

Negotiations concerning the sale of a 32.44% stake in Ceska rafinerska by Italy's Eni to the Russian corporation Gazprom was announced in the Czech media on 15 March. Ceska rafinerska – most of whose shares are held by Unipetrol, which is controlled by PKN Orlen – owns two of the three Czech refineries: in Litvinov and in Kralupy nad Vltavou (the third and the smallest one, Paramo Pardubice, belongs to Unipetrol). The Czech government has no powers to prevent the sale of the shares to Russians. Therefore, it may be expected that it will put pressure on PKN Orlen to cause Unipetrol to use its right of pre-emption and buy the shares from Eni.

The information on the talks was confirmed to the media by sources in the Czech government and a representative of Unipetrol. This was also confirmed in general terms by Gazprom. If the deal was implemented, this would fit in with Russia's strategy of increasing the presence of Russian oil companies in Central Europe and reaffirm the strategic co-operation Eni and Gazprom started in 2006. The estimated value of Eni's shares in Ceska rafinerska ranges between US$440 and 600 million.

Eni is obliged, before it can start the deal, to present a sale offer to the two other shareholders of Ceska rafinerska: Unipetrol (which controls 51.23% of the shares) and Shell (16.33%), which hold the pre-emptive rights. Shell, which has already been looking for an investor willing to buy its stake in Ceska rafinerska, is unlikely to be interested in taking over Eni's shares.

When Shell was negotiating the sale of its shares in Ceska rafinerska in 2009 with LUKoil, this raised serious fears in the Czech government. The Czech Republic also raised concerns in connection with the speculations that PKN Orlen could sell its stake in Unipetrol to Russians. The very likely scenario is that Gazprom and Eni will be interested in striking this deal, while the Czech government will be putting pressure on PKN Orlen, which controls Unipetrol, to cause it purchase the shares from Eni. <grosz, WojK>