

The Hungarian government wants shares in MOL

On 8 September the Ministry of Development announced negotiations with the Russian authorities regarding the purchase of over 21% of shares in the company MOL from Surgutneftegaz. Budapest has also announced that it will seek to increase the state's presence in all strategic sectors, particularly in the energy area. A possible sale of shares in MOL could be part of a package deal between Budapest and Moscow which would also encompass Hungarian support for the South Stream gas pipeline and the participation of Russian companies in the extension of the nuclear power plant, Paks.

The issue of Surgutneftegaz – which is a private company but linked to the Russian authorities – buying over one fifth of shares in the Hungarian company was raised during the visit of the Development Minister Tamas Fellegi in Moscow on 27 August who talked about it with the Russian deputy prime minister, Viktor Zubkov. Negotiations with Surgutneftegaz have not however been held yet. Budapest's actions are consistent with the declaration about the state's greater involvement in strategic areas. Ruling party Fidesz places special emphasis on the energy sector, with the "MOL issue" considered a top priority.

Financial issues constitute an important obstacle to Fidesz's plans. The Hungarian government will not be able to allocate a sum of approximately EUR 1.7 billion, the estimated worth of the 21% of shares in MOL. This package of shares will probably be bought by MOL itself or a state-owned company. The transaction will also be accompanied by concessions made by Budapest in favour of Russian interests (e.g. support for the South Stream project, granting Russian investors access to the planned extension of the nuclear power plant, Paks) since Fidesz wishes to maintain good relations with Moscow. <doc>