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CENTRE FOR EASTERN STUDIES 23.06.2010 www.osw.waw.pl

Hungary wants to buy Russian shares in MOL

The new Hungarian government is holding negotiations with the Russian company Surgutneftegaz about buying 21% of its shares of the MOL oil and gas company. The problem with this transaction estimated at EUR 1.5 billion is Hungary's financial condition. An agreement between Russia and Hungary on MOL will probably be accompanied by concessions to Russia in other energy projects, for example an agreement for Russian firms to take part in the extension of the Paks nuclear power plant.

On 14 June the Hungarian Development Minister Tamas Fellegi confirmed that Hungary is interested in acquiring a package of MOL shares held by Surgutneftegaz since 2009. The right-wing government is pursuing the negotiations launched by its predecessors that will concern the price of buying the shares estimated at EUR 1.5 – 1.6 billion. The transaction has been accepted by Russian authorities which until now openly supported Surgutneftegaz's involvement in Hungary. The Russian Energy Minister Sergei Shmatko approved the proposed sum as advantageous. Budapest is planning to finance the purchase of MOL shares through revenues from state bonds.

The new Hungarian government perceives MOL as a company strategic to the country's security. Therefore it is seeking to oust the Russian investor from the group of shareholders and place people closely linked with the ruling party Fidesz in the company's management. The withdrawal of Surgutneftegaz can be associated with the concessions that Hungary will probably make to Russia in the area of energy, for example through support given to the South Stream project, closer cooperation in the field of nuclear energy and the construction of gas storage facilities. <boc>