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Alliance of Rosneft with BP

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On 14 January in London, the Russian state oil company Rosneft and Britain's BP, one of the largest energy companies in the world, signed an agreement on the exchange of shares. At the same time, the parties agreed to establish a joint venture whose aim will be to develop the oil deposits in the Russian Arctic which Rosneft owns. This unexpected agreement seems to be more advantageous for Rosneft, which thanks to its global alliance with BP will be able to cooperate on the British group's international projects, gain access to unique technology for raw material extraction, and legalise the Yukos assets which it took over with the assistance of the Russian government.

The agreement states that Rosneft will take over 5% of BP's shares in exchange for the transfer of 9.5% of its own shares (the value of each share package is US$7.8bn). In this way the Russian group will become the second largest shareholder in BP, whose shareholder structure is very fragmented. The agreement also states that the parties will extend their international cooperation, which Rosneft has been particularly counting on; further, that within two years they will create a joint company with shareholding participation of 66.67% and 33.33% of the shares. The task of this company will be to explore, extract and sell raw materials from Rosneft's three deposits in the Russian Arctic.

This agreement is the practical implementation of Russia's strategy to allow Western companies to exploit deposits of raw materials on its territory in the form of minority interests, in exchange for some of their shares, capital and access to technology. The agreement also confirms that foreign investment in strategic sectors of the Russian economy is possible only on conditions set by the Kremlin, and under its total control. <WojK>