

Rosneft Says State Should Stay Owner

July 06, 2011

The  **Moscow Times**

Rosneft's assets are too strategic for the state to give up its ownership in the company, Rosneft's new chairman Alexander Nekiopelov told Reuters in an interview.

"To make this decision [to give up a controlling stake in the company] the government should be guided by a certain calculus, not an abstract notion that the public sector is bad and the private sector is good," said Nekiopelov, who is also vice president of the Russian Academy of Sciences.

According to the privatization plan for Rosneft, which pumps nearly a quarter of the country's oil, the state will first lower its stake from 75.16 percent to 51 percent and after 2015 sell off more shares to be left with minority ownership.

"Rosneft's assets are huge. Its capitalization is around \$90 billion. To allow some independent directors to manage such assets is a very exotic point of view," Nekiopelov said.

Russia produced a total of 505 million ton of oil last year, and of this Rosneft produced 120 million tons (2.41 million barrels per day). Nekiopelov expects this figure to rise 25 percent to 150 million tons by 2016 (3.01 million bpd).

"We will refine about as much as we did in the last year, maybe a little less since we are in the process of upgrading our refineries," Nekipelov said, adding that Rosneft plans to invest no less than 55 billion rubles (\$2 billion) per year until 2015 to modernize its refineries.

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