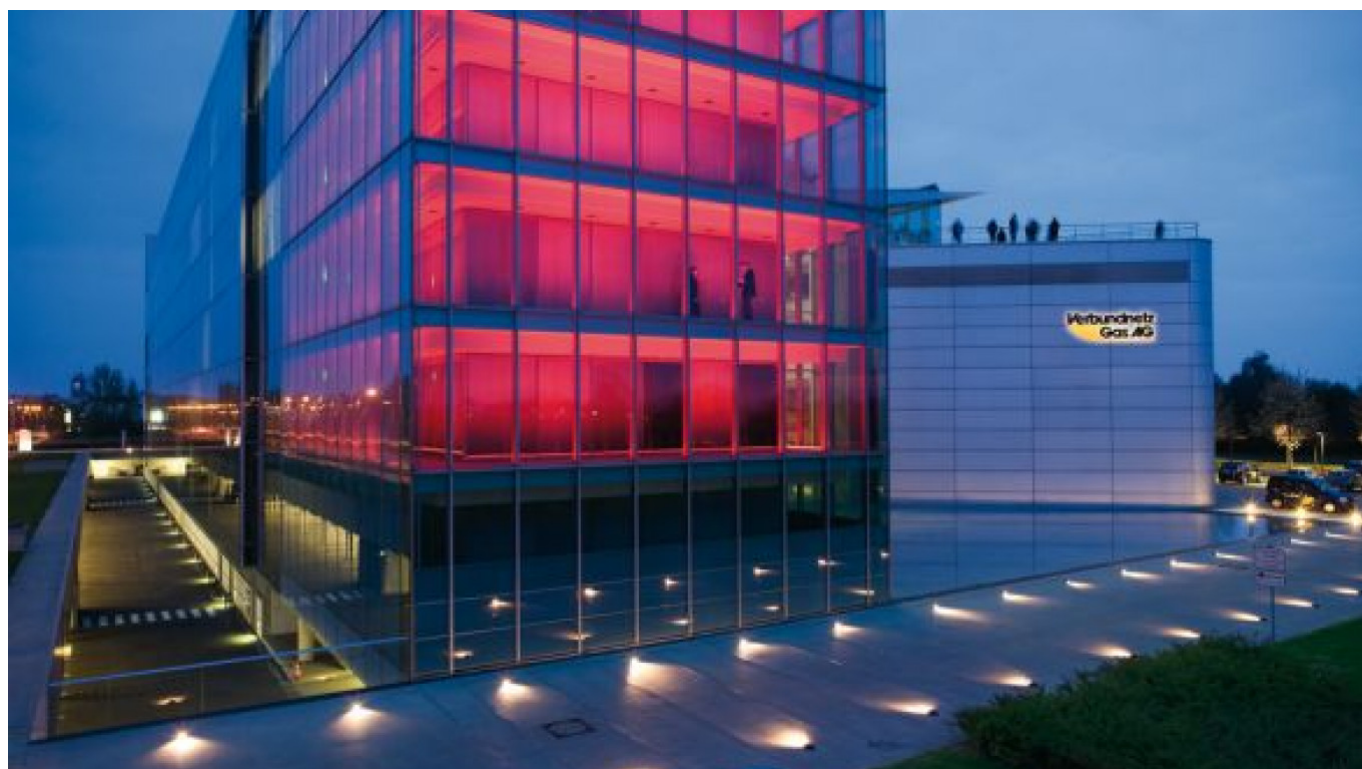


# Gazprom Could Take Stake in RWE

By [The Moscow Times](#)

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Headquarters of partially Gazprom-owned German gas provider VNG. RWE could have a similar future waiting.

Germany's cartel office said Monday that it would "closely" examine any investment by Gazprom in RWE after reports that the weakened German utility was open to an investment by the Russian gas monopoly.

Essen-based RWE has been hit by loss-making gas contracts and weak power prices, and is also under threat from a German tax on nuclear fuel that came into effect this year.

Ratings agency Standard & Poor's lowered the credit rating of Germany's biggest producer of power in June to "A-," its lowest rating in the A category, and predicted that the company's financial risk profile would weaken further as RWE faces falling profits over the next three years.

To avoid further downgrades and ward off higher interest payments on its debt, the company has been forced to explore new measures including a possible merger.

RWE chief executive Jürgen Grossmann met Gazprom head Alexei Miller in Paris on Friday and German magazine Der Spiegel reported over the weekend that the RWE chief was open to Gazprom, the world's largest natural gas producer, taking a stake in his firm.

"We would have to examine any connection between Gazprom and RWE very closely with regards to antitrust issues," Andreas Mundt, president of the Bonn-based cartel office, said Monday.

He made it clear that he was not aware of any concrete discussion between the two firms on a deal. RWE and Gazprom declined to comment on any discussions of a tie-up.

Talks on a merger between the German power company and Spanish peer Iberdrola collapsed in February, Reuters reported at the time.

The utility now plans to hold a supervisory board meeting on Aug. 8 to discuss the future strategy of the company. Some supervisory board members are opposed to the 113-year-old company giving up its independence, a person with knowledge of the matter said Monday.

But the supervisory board acknowledges that the company, worth some 21 billion euros (\$30.04 billion) on the stock market according to Reuters data, needs to take action, the person said.

CEO Grossmann said last week that a merger was one option he was considering to keep rating agencies from downgrading its debt further. Other steps could include selling new shares or pursuing divestments.

A spokesman for the German Economy Ministry said Gazprom would be free to take stakes in German companies as long as it complied with antitrust rules and domestic regulations governing economic relations with other states.

Germany, Europe's largest power market, has been a target of the Russian company for years. It owns just under 50 percent of German gas transport company Wingas and 11 percent of VNG, eastern Germany's largest gas company.

The cartel office would take these investments into account in assessing any new Gazprom interest in German firms.

"We believe it is unlikely cartel authorities will approve a strategic participation of Gazprom in RWE," Landesbank Baden-Württemberg analyst Bernhard Jeggle said.

RWE and its peers E.On and GDF Suez have been in talks for more than a year with Gazprom about their loss-making long-term gas contracts with the Russian company.

Gazprom's Miller said in June that he would be interested in taking a stake in E.On's gas unit E.On Ruhrgas.

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