

Glencore Agrees to Pre-Pay Ruspetro for Russian Crude Oil

By [The Moscow Times](#)

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Unfazed by the threat of further Western sanctions on Russia, commodity trader and mining company Glencore has agreed to sign a new pre-payment deal with Ruspetro, a Russian oil and gas company operating in western Siberia.

Energore Resources, a subsidiary of London-listed Glencore, has agreed to pre-pay about 750 million rubles (\$21.80 million) to Ruspetro which in return is expected to supply about 1,680 barrels a day of crude for a year, Ruspetro said in a statement.

Glencore has signed similar pre-payment facilities with Ruspetro in the past.

Ruspetro has among its largest shareholders Kirill Androsov, a former deputy chief of staff in Russia under then-Prime Minister Vladimir Putin.

Allies of Putin, currently president, have been targeted by sanctions imposed by the European

Union and the U.S. on Russia over its annexation of the Crimea peninsula in March.

London-listed Ruspetro, which has seen its share price fall by about a third since the beginning of the year, warned in its annual report last month of a threat to the business from political developments in Ukraine and from sanctions.

"Glencore has in the past lent significant amounts of money into Russia," said Investec analyst Marc Elliott. "The risk profile appears relatively low in this case due to the short duration and at this sort of scale is probably not a particularly challenging decision to come to despite the uncertain political background at the moment."

Glencore has lent money to oil company Russneft in the past and following a debt restructuring it was agreed that Glencore could become a shareholder in the Russian firm.

Speaking at a conference earlier this month, Glencore chief executive Ivan Glasenberg underlined the West's dependency on Russia's energy resources.

"I do not think you can walk away from Russian gas today ... Long term, maybe we can walk away. The U.S. has to make a decision to export its gas," he said.

Glencore has often agreed in the past to pre-payments, financing deals or offtakes, in which a company pays upfront to help build a project to secure a share of future production.

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