

Croatia: MOL is ready to sell its shares in INA

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CEO of Hungarian oil and gas company MOL Zsolt Hernadi said that the company is ready to sell its shares in the Croatian national oil company INA if that is what the Croatian Government wishes.

Hernadi noted that since MOL entered INA in 2003, it managed to cut the company's operational costs by 300 million euros, which obviously is a problem from somebody in Croatia. In 2014, Croatia's Supreme Court upheld an earlier decision of the Zagreb County Court to try Hernadi in absentia on charges of bribing former Croatian prime minister Ivo Sanader to allow the Hungarian group to obtain a dominant position in INA.

In late 2016, Prime Minister Andrej Plenkovic announced the Government's intentions to buy back the stake of Hungarian oil company MOL in Croatian oil company INA, adding that the best model for the buyout would be the initial public offering (IPO) of 25 % minus one share of state-owned power utility HEP, since Croatia will keep, with 75 % plus one share, all management rights in HEP without selling national resources.

In mid-December 2017, the Croatian Government launched an invitation for financial advisor which will help the Government choose the best model to buy back INA's shares currently held by MOL, adding that the Government could later choose to sell those shares to another strategic partner. In April 2018, the Government hired a consortium of Morgan Stanley, Intesa Sanpaolo and Privredna Banka Zagreb (PBZ) who will act as an advisor in the possible buyout of MOL's shares in INA.

Hungarian MOL owns 49.08 % of INA's shares, while the Croatian state has 44.84 % stake in the company. Croatian Government and Hungarian MOL have long history of dispute regarding the managerial rights in oil company INA, and both parties have initiated arbitration proceedings regarding the dispute before the International Center for Settlement of Investment Disputes (ICSID) in Washington and the United Nation's Commission on International Trade Law (UNCITRAL) in Geneva.