

Hungary: Gazprom buys MOL's share in INA Croatia oil company

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MOL has definitely decided to sell its stake in INA, and the only interested buyers are Russians, namely Gazprom, whose the first man, Alexei Miller, has recently met for that reason in Zagreb with Prime Minister Zoran Milanovic and President Ivo Josipovic.

Russians are interested in the oil and gas exploration and exploitation on the Croatian mainland, but at this tender, which Economy Minister Ivan Vrdoljak opens today in Osijek, mostly will be applied because of the desired entry in the ownership of INA.

MOL, as can be heard from insiders, now is definitely ready to sell its 49 percent stake in INA, and Gazprom, namely its Gazprom Neft suits him as a customer because reportedly it is ready to pay a part of the price to MOL handing him some of its oil and gas fields. At the end of last year MOL announced on the Budapest Stock Exchange that his administration had received an order to begin preparations for the sale of its stake in INA. How far has moved the deal of the Hungarians and Russians until now, it is not known, but, according to the unofficial information, at a meeting in Zagreb Milanovic said to Miller the Russians were welcomed as partners in INA if MOL managed to agree on a way convenient primarily to Croatian interests. It is the interest of preserving domestic refineries and increasing their production and reserves.

Government prepares amendments to the INA privatization which would prevent the entry of new strategic partners outside the EU if it estimates that it would harm the Croatian interests, but special question is whether the Government, although the owner of 44 percent of INA, can stop domestic refineries liquidation before the arrival of the Russians, as a possible prerequisite for their entry in INA agreed with MOL. As you can hear from those conversant in the attitude of the Croatian negotiators in talks with MOL, the Croatian government will not relent, and it will accept the new strategic partner only if he agrees to the retention of two Croatian refineries. In this case, the government is ready to sell 19 percent more of its shares to the new partner, namely just to keep controlling package of 25 percent plus one share in INA.

How will react the United States on this scenario in Croatia, it is not difficult to predict, especially after Barack Obama on Wednesday announced the introduction of the toughest U.S. sanctions to Russia, directed against key Russian companies such as Rosneft and Gazprombank, and the other largest Russian companies in gas production - Novatek and VEB, the state bank over which are made all the payments of the Russian government. Gazprom, the largest natural gas producer in the world that provides a large part of Europe's energy needs, and reportedly is a potential buyer of MOL's stake in INA, currently is not covered by sanctions. At the same time the restrictive measures against Russia have increased the EU by new sanctions encompassing numerous high Russian officials, as well as

the Ukrainian separatist leaders.

The Assistant of the State Secretary for European and Eurasian Affairs, Victoria Nuland has recently said at the Croatia Forum in Dubrovnik that Croatia was an ally of the United States on a number of political and strategic issues, including the issue of energy security. She said us that Croatia's ambition to become a regional energy hub was realistic and achievable, but to achieve it, "We have to make smart decisions". Between the lines, Washington tells us not to enter into any marriage with the Russians and Gazprom, which, as already owns the Serbian oil industry, definitely would reign in this area geopolitically very important. How will the government of Zoran Milanovic make that two big wolves remain satisfied and peaceful against Croatia, it is difficult to predict.