

Implications of Rosneft - Essar Oil Deal

Why in news?

\n\n

\n

- Essar oil sold its refinery & downstream marketing section to Russian Rosneft.

\n

- Geo-political implications of the deal require a closer scrutiny.

\n

\n\n

Why the deal?

\n\n

\n

- Essar could not service its debts.

\n

- Russian public sector company - Rosneft saw an opportunity to make an entry into the high-growth Indian market.

\n

- This deal will also help Rosneft secure quality infrastructure for processing its heavy Venezuela crude in India.

\n

- The deal had the strong backing of both the governments.

\n

\n\n

What are the concerns?

\n\n

\n

- **Strategic Interests** - The Russian state is the majority stake holder in Rosneft.

\n

- The company is easily an instrument for pushing Russia's economic and geo-political agenda.

\n

- The transfer of ownership of the Vadinar port to Russia is also of concern in the backdrop of China's "String of Pearls" doctrine.
\n
- **China Factor** - China Energy Cooperation Ltd - CEFC, is a private energy company with strong political ties in Beijing.
\n
- Rosneft recently announced that the Chinese company would purchase 14.6% stake in it.
\n
- CEFC might even get a board position and privileged access to information about Rosneft's strategic plans.
\n
- Russia is already the largest supplier of crude oil to China, delivering approximately 1.1 million barrels a day.
\n
- All these confirm the deepening energy relations between the two countries which puts Indian interests in a fix.
\n

\n\n

How will the Geopolitics?

\n\n

- As Russia has stakes in all the countries of the region, it could help broker the Iran-Pakistan-India - (IPI) pipeline project.
\n
- Ultimately, Russia's perpetual interests is what will drive Rosneft whether in Venezuela, India or with the Chinese.
\n
- India needs to develop foresight to protect its own interests in the event of Rosneft getting sucked into geopolitical imbroglios.
\n

\n\n

\n\n

Source: Indian Express

\n\n

\n



SHANKAR
IAS PARLIAMENT
Information is Empowering