Implications of Rosneft – Essar Oil Deal

Why in news?

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- Essar oil sold its refinery & downstream marketing section to Russian Rosneft.
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- Geo-political implications of the deal require a closer scrutiny.
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Why the deal?

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- Essar could not service its debts.
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- Russian public sector company - Rosneft saw an opportunity to make an entry into the high-growth Indian market.
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- This deal will also help Rosneft secure quality infrastructure for processing its heavy Venezuela crude in India.
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- The deal had the strong backing of both the governments.
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What are the concerns?

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

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

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