

Lithuanians Are Given a Taste of How Russia Plays the Oil Game



Mindaugas Kulbis/Associated Press

A fire on Oct. 12 at the Mazeikiu refinery in Lithuania has added to the complications of the government's efforts to sell the complex.

By ANDREW E. KRAMER
Published: October 28, 2006

MOSCOW, Oct. 27 — The Russian government has never been straightforward about its plans to take control of the oil and gas business.

So, Lithuanians were suspicious when Russia said it shut its pipeline — the only one supplying Russian crude oil — in late July because of a leak.

In fact, it was not so much the pipeline the Russians were concerned about, according to Lithuanian officials, analysts and company executives. It was what the pipeline was connected to: Lithuania's sole refinery.

And because Russia often gets what it wants, it may not matter that the Lithuanian government had signed an agreement in June to sell the refinery to a Polish company, PKN Orlen, for much more than Russia had offered.

“The goal was to force Lithuania to reconsider the sale,” Tomas Janeliunas, deputy director of the Center for Strategic Studies who has followed the sale closely, said in an interview. “They wanted a Russian company to buy the refinery, but for cheaper than a market price.”

Lithuania's brush with Kremlin oil politics, critics of Russian business practices say, is a case study of what Vice President Dick Cheney called Moscow's use of energy exports as "tools for intimidation and blackmail" in relations with its neighbors.

That characterization angered Russian officials, who say they are being discriminated against in the business world as many Russian companies expand their operations into Europe.

"What is all the hysteria about?" President Vladimir V. Putin asked at a meeting with German business executives recently, the Interfax news agency reported. "We cannot understand why the media is nervous about Russia's possible investments in Germany."

Russian companies, their accounts padded by high commodity prices, are on a buying spree overseas. A steel mill in Michigan, a pipeline in Germany and a mine in Australia have recently been sold to the Russian companies Severstal, Gazprom and Rusal, respectively.

In Lithuania, the government and Yukos, a company very much out of favor with the Kremlin, were trying to sell the Mazeikiu Nafta refinery in Lithuania in a sale organized by Lehman Brothers of New York.

Four companies bid: two from Russia, one from Kazakhstan and one from Poland. The Russian companies, Lukoil and TNK-BP, lost after entering bids lower than the others. When asked to match the competing prices, the Russians declined, Nerijus Eidukevicius, chairman of the board of Mazeikiu refinery, said in an interview in Vilnius.

In June, PKN Orlen won the refinery with a bid of \$1.49 billion for Yukos's 53.7 percent stake and \$850 million for the 30.6 percent owned by the Lithuanian government.

"They weren't showing interest," Mr. Eidukevicius said of the Russian companies. "It was strange."

In fact, analysts say, the Russian government was pursuing strategies to win the refinery for a Russian company outside the sale process — and at a knockdown price.

At the time of the sale, Yukos was heading into a politically tinged bankruptcy proceeding in Russia. Rosneft, the state oil company, whose chairman, Igor I. Sechin, is a former KGB agent and Mr. Putin's chief of

staff, had already acquired most of Yukos in a forced auction in 2004, and had its sights on the rest.

To get to the front of the line for Yukos assets, Rosneft signed a confidential agreement with Western creditor banks in December 2005 to assume Yukos's debt if the banks forced that company into liquidation, which happened in March. This made Rosneft a creditor in the bankruptcy filing.

The Russian bankruptcy receiver representing Rosneft's claim, Eduard Rebgun, then sued in the federal Bankruptcy Court in New York and in the Netherlands to block the refinery sale, but lost both cases. That ended the legal attempts to win title to the refinery outside the sale run by Lehman Brothers.

In what Yukos executives say was a sign of the deep displeasure of the Russian government at these rulings, Russian prosecutors opened criminal fraud investigations against four Yukos executives. The announcement of these investigations came less than an hour after the decision in Amsterdam on Aug. 17.

The former chief executive of Yukos, Steven M. Theede, an American, called the Russian criminal case against him a "vendetta" that reflected the depth of frustration of Russian authorities at the collapse of their six-month effort to buy the Lithuanian refinery and other smaller Yukos assets in Slovakia and Switzerland.

"When anybody stops them from doing anything it makes them angry," Mr. Theede said.

Russia, meanwhile, suffered a setback of a different nature inside Lithuania, political analysts in that country say.

In the midst of the sale process, a pro-Russian politician in the Lithuanian government whose ministry was responsible for overseeing the refinery sale was ousted in a campaign finance scandal. The minister, Viktor Uspaskich, fled to Moscow and is now wanted by Interpol.

The Russian government invited his replacement, Kestutis Dauksys, to a Kremlin meeting on May 23 with Dmitri A. Medvedev, a Russian deputy prime minister, according to Mr. Dauksys. The message, he said, was that the Russians truly wanted the refinery.

“He said the Russian government was interested in who buys Mazeikiu Nafta,” Mr. Dauksys recalled in a telephone interview. “He said Russian companies are interested in buying it.”

“They thought they could buy it at low cost, but that is not possible today,” Mr. Dauksys said of the Russians. He returned to Vilnius.

Aleksandr Temerko, a former vice president of Yukos, said the company interpreted Mr. Dauksys’s account of the meeting as a threat to Mazeikiu’s Russian-controlled oil supply through the Druzhba pipeline.

The refinery immediately retooled for tanker oil, a decision that proved prescient; the first shipment arrived a week before the pipeline was shut.

The sales contract with PKN Orlen had an escape clause if the market value of the refinery dropped significantly before the sale closed. Lithuanian analysts and politicians said that forcing PKN Orlen to exercise this escape clause, thus reopening the sale for Russian companies, was one motive for the pipeline shutdown.

Then, on Oct. 12, a fire at the Mazeikiu refinery caused about \$75 million in damage and lost profit for 2006, according to the Lithuanian government and the Fitch credit rating agency. The fire is expected to reduce output by 50 percent until early next year. While arson has not been ruled out, the Lithuanian news media have reported that the likely cause was a petroleum leak. A formal ruling is expected in November.

PKN Orlen, in a statement shortly after the fire, said it would discuss with its lenders whether the sale could go forward.

With his country’s largest asset tied up in business negotiations, Russian style, Lithuania’s president has hinted at possible reciprocation in kind.

President Valdas Adamkus suggested on Aug. 19 that the only Russian railroad supplying the Kaliningrad region, which passes through Lithuania, could be shut for what the Lithuanian news media called “political repairs.”

“We should guarantee the safety of trains and passengers,” Mr. Adamkus said, according to the Baltic News Service. “Should repairs be needed in order to increase the safety of railway services, I see no reason to heat up political tensions.”

<http://www.nytimes.com/2006/10/28/>

„The New York Times“: Lietuva susipažino su Rusijos energetikos politikos ypatumais

Išspausdinta: 2006 10 28

Įtakingas amerikiečių dienraštis „The New York Times“ šeštadienio numeryje rašo apie Rusijos spaudimą Lietuvai dėl „Mažeikų naftos“ įmonės.

Straipsnyje, pavadinimu „Lietuviams duota pajusti, kaip Rusija žaidžia naftos žaidimą“ rašoma, kad „Mažeikų naftos“ istorija puikiai iliustruoja tai, ką gegužės mėnesį Vilniuje sakė JAV vice prezidentas Dikas Čėnis (Dick Cheney). Tuomet, D. Čėnis apkaltino Rusiją tuo, kad ji savo energetikos produktų eksportą naudoja kaip spaudimo ir šantažo priemones.

Pasak dienraščio, Rusijos sprendimas neva dėl techninių gedimų sustabdyti naftos tiekimą Mažeikių įmonei, buvo ne kas kita, kaip spaudimas Lietuvai parduoti įmonę kuriai nors Rusijos kompanijai.

Dienraštis gana detaliai aprašo „Mažeikių naftos“ pardavimo istoriją, akcentuodamas įvairius Maskvos bandymus gauti teisę valdyti Mažeikių įmonę.

Straipsnyje teigiama, kad Maskva, nutraukdama naftos tiekimą Lietuvai ir taip apsunkindama Mažeikių įmonės veiklą, daro spaudimą lenkų naftos kompanijai „PKN Orlen“, kad ši atsisakytų planų įsigyti „Mažeikų naftą“.

Dienraštis taip pat užsimena, kad Lietuvos prezidentas Valdas Adamkus vasarą Maskvai pagrasino jos pačios stiliumi. Omenyje yra turimos kalbos apie Lietuvos geležinkelio linijos, jungiančios Kaliningradą su likusia Rusija, techninį remontą.

<http://www.lrt.lt/>