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# MarketWatch First Take

## BP stake in Russian oil giant Rosneft is ‘blood money,’ says adviser to Ukraine’s President Zelensky

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By James Rogers (Follow)

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BP has not fully extricated itself from its stake in Rosneft Oil Co., which operates the RN-Tuapsinsky refinery in Tuapse, Russia, among other facilities. (Photographer: Andrey Rudakov/Bloomberg)



Referenced Symbols  
BP -1.02% XOM -2.74%

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An adviser to Ukrainian President Volodymyr Zelensky has slammed BP’s stake in Russian energy giant Rosneft as “blood money.”

In a letter to BP [BP, -1.02%](#) Chief Executive Bernard Looney, Oleg Ustenko said that BP is entitled to hundreds of millions of dollars through its stake in Rosneft, the BBC [reports](#).

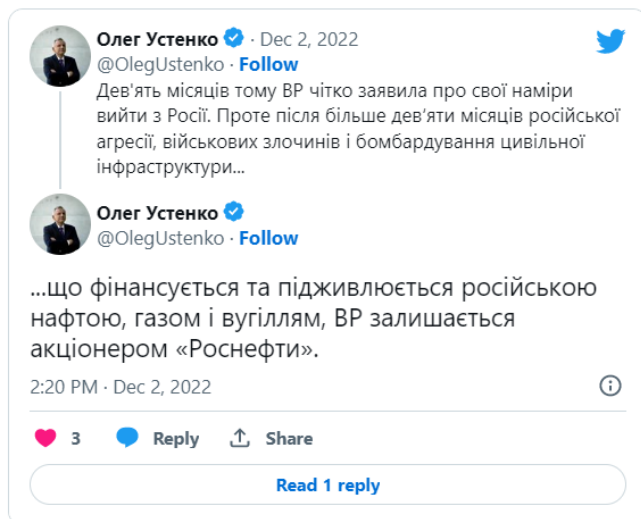
On Feb. 27, just three days after Russia launched its devastating invasion of Ukraine, BP [announced](#) that it would exit its 19.75% stake in Rosneft. But with BP still working to complete its exit from Russia, the Rosneft stake is firmly in the spotlight.

In his letter, Ustenko slammed BP over Rosneft’s recently announced plans to pay a nine-month dividend of 216 billion rubles (equivalent to \$3.6 billion), which Reuters [notes](#) is the first such dividend in Rosneft’s history. The dividend could net BP \$706.2 million, according to [Global Witness, a nonprofit environmental and human rights organization](#).

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“This is blood money, pure and simple, inflated profits made from the murder of Ukrainian civilians,” Ustenko wrote in the letter, which was seen by the [BBC](#). Ustenko also urged Looney to lay out a plan to ensure that BP does not profit from the war, according to the BBC.

Ustenko also tweeted about BP and Rosneft last week, writing: “Nine months ago, BP clearly stated its intentions to withdraw from Russia. However, after more than nine months of Russian aggression, war crimes and bombing of civilian infrastructure ... Ukraine’s position is clear — companies must leave Russia, otherwise they risk becoming complicit in Russia’s war crimes.”



In a statement emailed to MarketWatch, BP reiterated that it is exiting Russia. “We have no intention of ‘returning to business as usual,’” the company said. “Just three days after Russia’s attack on Ukraine, BP announced that we will exit our shareholding in Rosneft and other businesses in Russia — we said the attack was ‘a fundamental change.’ This is still our position.”

BP added that, as a result of this decision, the company took a charge of over \$24 billion, which it described as “the largest such financial impact on any company.”

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“We no longer report any equity share of earnings, production or reserves from Rosneft,” BP added, noting that this had reduced the company’s reported earnings by \$2 billion a year. BP’s oil and gas production has also been reduced by a third, or the equivalent of 1.1 million barrels a day, and its oil and gas reserves have been reduced by just over a half, or more than 9 billion barrels, it said.

“Since our decision, BP has not received any dividends from the Rosneft shares,” the company added. “It is our understanding that, under Russian regulations, any payments to a company in an ‘unfriendly state’ such as the UK would go into a highly restricted Russian bank account from which money could not be transferred without Russian government approval.”

BP told MarketWatch that it is pursuing options to complete its exit from Russia, which it describes as complex, due to international sanctions as well as Russian government restrictions.

The BBC reports that in his letter, Ustenko also urged BP to use any Rosneft profits to set up a fund dedicated to Ukrainian victims of war.

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Mark Dixon, founder of the [Moral Rating Agency](#), which was set up to examine whether companies’ promises to exit Russia were being carried out, described BP as “crying crocodile tears dripping with blood.”

“BP makes a big show of writing off the Rosneft assets and not reporting Russian profits in its accounts but this does nothing to deal with the problem while it continues to own the shares and while profits mushroom,” he said in a statement emailed to MarketWatch. “It’s a moral red herring.”

“An accounting write-off changes nothing for Putin nor the invasion of Ukraine,” Dixon added.

A host of U.S. companies have extricated themselves from Russia in response to the invasion of Ukraine. The Moral Rating Agency also [warns](#) that the risk of asset seizure is very real for many non-Russian corporations.

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In October, Exxon Mobil Corp. [XOM, -2.74%](#) [announced its exit](#) from Russia after Moscow seized the company’s stake in the Sakhalin-1 oil and gas venture, a move described by an observer as “expropriation blackmail.”

The oil giant, which had [operated in Russia](#) for more than 25 years, held a 30% interest in the project in Russia’s Far East. But after blocking Exxon Mobil’s efforts to transfer operatorship and sell its stake, Moscow expropriated the company’s interests in the venture.



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