

According to Ukraine’s President Zelensky’s counsel, BP’s share in Russian oil company Rosneft is “blood money”

By Patrick Huston 2022-12-06



An aide to Ukrainian President Volodymyr Zelensky has called BP’s share in Russia’s Rosneft “blood money.”

BP said on February 27 that it would sell its 19.75% holding in Rosneft, only three days after Russia launched its disastrous invasion of Ukraine. However, with BP still attempting to conclude its exit from Russia, the Rosneft stake is front and centre.

According to the BBC, Oleg Ustenko stated in a letter to BP BP, -1.02% Chief Executive Bernard Looney that BP is entitled to hundreds of millions of dollars through its share in Rosneft.

Ustenko criticised BP in his letter over Rosneft’s recently announced plans to pay a nine-month dividend of 216 billion rubles (equal to \$3.6 billion), which Reuters reports is the first in Rosneft’s history. According to Global Witness, a non-profit environmental and human rights organisation, the payout may net BP \$706.2 million.

Last Monday, Ustenko tweeted about BP and Rosneft, saying, “Nine months ago, BP plainly indicated its intentions to depart from Russia.” However, after more than nine months of Russian aggression, war crimes, and civilian infrastructure bombing... Ukraine’s stance is unequivocal: companies must leave Russia or risk becoming complicit in Russia’s war crimes.”

“This is blood money, plain and simple, inflated profits from the murder of Ukrainian civilians,” Ustenko wrote in the letter, which the BBC obtained. According to the BBC, Ustenko also urged Looney to devise a strategy to ensure that BP does not profit from the war.

BP reiterated its withdrawal from Russia in an email to MarketWatch. “We have no intention of going back to business as usual,” the corporation stated. “Only three days after Russia’s attack on Ukraine, BP stated that we will sell our stake in Rosneft and other Russian companies – we called the strike a “fundamental transformation.” This is still our stance.”

BP went on to say that as a result of this decision, the corporation took a \$24 billion charge, which it described as “the highest such financial impact on any company.”

“We no longer record any equity share of earnings, output, or reserves from Rosneft,” BP stated, noting that the company’s reported earnings have been lowered by \$2 billion every year as a result. BP’s oil and gas production has also been cut by a third, or the equivalent of 1.1 million barrels per day, and its oil and gas reserves have been cut by little over half, or more than 9 billion barrels, according to the company. “BP has not received any dividends from the Rosneft shares since our decision,” the corporation noted.

“It is our understanding that, under Russian legislation, any payments to a corporation in a ‘unfriendly state,’ such as the United Kingdom, would be routed through a highly restricted Russian bank account, from which money could not be transferred without Russian government consent.” BP told MarketWatch that it is looking into possibilities to complete its exit from Russia, which it described as complicated due to international sanctions and Russian government restrictions.

According to the BBC, in his letter, Ustenko also urged BP to use any Rosneft profits to establish a fund for Ukrainian war victims. Mark Dixon, the creator of the Moral Rating Agency, which was established to investigate whether firms’ agreements to leave Russia were kept, described BP as “weeping crocodile tears dripping with blood.”

“BP makes a big show of writing down the Rosneft assets and not showing Russian revenues in its accounts, but this does nothing to address the problem as long as it owns the shares and profits continue to increase,” he said in a statement emailed to MarketWatch. “It’s a moral stumbling block.” “An accounting write-off has no effect on Putin’s invasion of Ukraine,” Dixon continued.

In response to the invasion of Ukraine, a slew of American corporations have pulled out of Russia. According to the Moral Rating Agency, the prospect of asset confiscation is very high for many non-Russian firms. Exxon Mobil Corp. XOM, -2.74% announced its exit from Russia in October after Moscow seized the company’s stake in the Sakhalin-1 oil and gas venture, a move described as “expropriation blackmail” by one observer.

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