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## ROMANIAN STATE, KAZMUNAYGAS RESUME TALKS ON 2013 DEAL

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Kazakh state-owned firm KazMunayGas has resumed talks with the Romanian state on implementing the memorandum they signed in 2013.

Romanian finance minister Ionut Misa, prime minister Mihai Tudose and energy minister Toma Petcu met with KMG International representatives on Thursday last week, reports local Ziarul Financiar. Representatives of China Energy Company Limited (CEFC), which acquired a 51% stake in KMG International, also took part in the meeting.

The Government will set up an inter-ministerial committee that will coordinate the next steps to implement the memorandum. The Romanian authorities will come up with a schedule in the next 1-2 weeks, said Azamat Zhangulov, KazMunayGas senior vice president.

The Romanian state is ready to speed up the process and implement the memorandum as soon as possible, he added.

The memorandum provided the establishment of a Romanian-Kazakh investment fund worth up to EUR 1 billion. The state will have a 20% stake in the fund.

The memorandum also provides that the Romanian state would sell 26.7% of its 44.7% stake in Rompetrol through the privatization process. KMG International has pledged to pay USD 200 million for this share package.

The Government of Romania told KazMunayGas that in order to discuss a further extension of the provisions of the memorandum concluded four years ago, two conditions must be fulfilled: the payment of the company's historical debt to the Romanian state and the settlement of the case by the judiciary, according to Energy Ministry representatives, reports Mediafax.

The Rompetrol group was founded by late Romanian investor Dinu Patriciu in 2000. Patriciu bought the Petromidia refinery from the state and then convinced the Adrian Nastase cabinet to convert the refinery's historical debt into 7-year convertible bonds worth USD 670 million, in 2003. Patriciu sold the whole group to KazMunayGas in 2007.

In 2014, KazMunayGas said it wouldn't repay the whole USD 670 million debt. It bought back from the state bonds worth USD 71 million and converted the remaining USD 600 million worth of bonds into shares, and the Romanian state thus became a shareholder in Rompetrol Rafinare, the company that owns the Petromidia refinery, with a 44.7% stake.

In 2013, the Victor Ponta cabinet agreed to sell a 26.7% stake for USD 200 million to KMG and keep the remaining 18%. The Government also decided to end the trial with Rompetrol for recovering a USD 600 million debt.

Last year Romanian prosecutors started a new investigation into the privatization of Rompetrol Rafinare and seized the companys assets. They are trying to recover some EUR 670 million worth of damages to the state budget.

<https://www.romania-insider.com/romania-kazmunaygas-2013-deal/>

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