

Glencore and the Russian producers

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Glencore, the successor of Marc Rich + Co, became the most important Western partner of the Russian and Kazakh raw material producers. In 2007, it merged its aluminium assets with those of Rusal and SUAL to form UC Rusal, in which it received a stake of 12 per cent.¹ The stake later became a holding in En+ Group, the parent company of Rusal controlled by Oleg Deripaska. In Kazakhstan, Glencore became the majority owner of the zinc producer Kazzinc after its formation in 1997.² In oil, it was one of the largest buyers of Russian crude and products and concluded long-term prepayment contracts with Rosneft.

In December 2016, Glencore and the Qatar Investment Authority acquired a stake of 19.5 per cent in Rosneft from the Russian state for about 10.2 billion euros. Glencore's own equity contribution was small, but the transaction secured it a long-term supply contract for Rosneft oil.³ Announced by President Vladimir Putin personally, the transaction showed how closely the Zug trader was connected with the Russian state at the highest level. After the consortium was restructured in 2018, Glencore kept a direct stake of less than one per cent in Rosneft, which it still held at the end of 2022.

1 Notes

1. European Commission, decision of 1 February 2007, Case COMP/M.4441 En+/Glencore/SUAL/UC Rusal, ec.europa.eu: upon completion, UC Rusal to be owned by En+ (66 per cent), SUAL (22 per cent) and Glencore (12 per cent); Rusal, press release "RUSAL, SUAL and Glencore deal completed", 27 March 2007, rusal.ru: merger completed; Wikipedia, "Rusal", en.wikipedia.org: Amokenga Holdings, a wholly owned subsidiary of Glencore, held 8.75 per cent of Rusal by 2016. ↩

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2. Wikipedia, "Kazzinc", en.wikipedia.org: Glencore became the main investor in Kazzinc after its formation in 1997 and holds 69.61 per cent. ↩
3. Glencore, "Russian government announcement regarding privatisation of shares in Rosneft", 7 December 2016, glencore.com: acquisition of 19.5 per cent of Rosneft by a Glencore/QIA consortium for EUR 10.2 billion, Glencore equity contribution of EUR 300 million (about 0.54 per cent indirect interest), five-year offtake agreement for 220,000 barrels per day; Glencore, "Stake in Rosneft held by Glencore-QIA Consortium", 4 May 2018, and "... Completion of Sale", 7 September 2018, glencore.com: consortium terminated, Glencore holds a direct equity stake of 0.57 per cent. ↩

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