

A Chinese company will acquire Romania's main Black Sea refinery after Bucharest approved its purchase of a majority stake in Kazakh-based KMG International, which owns 48.1 per cent of Rompetrol Rafinare.

Romania on Thursday approved China Energy Company Limited's purchase of a majority stake in KMG International, by which it will obtain control of the Romanian energy company Rompetrol Rafinare.

Kazakhstan-based KMG International owns 48.1 per cent of Rompetrol Rafinare, with the Romanian state owning another 44.7 per cent. Other share holders hold the rest.

Rompetrol owns Romania's biggest oil refinery and its second-biggest fuel distribution network.

"Completion of the transaction will create a solid foundation for ... further expanding our activities in Eastern and Western Europe. The joint venture will be able to take advantage of the energy potential of Kazakhstan and China's financial resources to expand its activities throughout the area of the global project, 'One Belt - One Road', Zhanat Tussupbekov, KMG International CEO, said in a press statement.

"Particular attention will be paid to projects in Romania - as the country where the main assets of the KMG Group are located," he added.

Last year, China Energy Company, CEFC, announced it wished to buy 51 per cent of KMG International for 680 million US dollars as part of China's ambitious "One Belt - One Road" project.

Proposed in 2013 to promote expanding links between Asia, Europe and Africa, the project is due to pour billions of dollars into infrastructure investment. Broad on ambition, it is still short on specifics, however.

Analysts say it could be in Romania's economic interest to be part of China's push into Central and Eastern Europe.

"Romania is hoping to become a regional energy hub and any Chinese investment could help this. Unfortunately ... Bucharest failed so far to be a trustworthy political and commercial partner for China," journalist Sabina Fati said.

Romania is hungry for investment, but despite its economic improvements in recent years few investors have displayed much interest in Romanian energy or infrastructure projects, even if they are cheap and have good prospects.

In November 2013, Bucharest hosted a major trade forum between China and 16 Central and Eastern European nations. That time, Romania announced its interest in attracting Chinese investment in a project to add two reactors to country's sole nuclear power plant, as well as in new thermal and hydroelectric power plants.

But none of the above-mentioned business deals has been concluded so far.

The Social Democrat-led government is now hoping to put Bucharest at the centre of Beijing's European push.

"We have confidence and resolution to turn our friendship into practical outcomes and inject new vitality to bilateral ties," Social Democrat leader Viorel Dragnea said early this month, following a meeting with Chinese officials. "We are not like previous governments that failed to keep their promises," Dragnea added.

Source: balkaninsight