

Croatia's government said on Thursday it would hire an adviser on a possible transaction to buy back a 49 percent stake in oil group INA held by Hungarian energy firm MOL. Croatia, which holds 45 percent of INA, has been at odds with MOL for years about management rights and investment policy at the Croatian oil firm. In December, it said it had approached MOL about a buyout.

An adviser, which would be selected by the energy and finance ministries, would help the government in a deal, Prime Minister Andrej Plenkovic told the cabinet session.

He said a panel in charge of negotiations with MOL had outlined criteria to purchase the stake, and an adviser would assess INA's value and review possible strategic partners.

The government and MOL have been unable to settle differences to now. Zagreb wants more influence in decision-making at INA, while MOL wants to keep its management rights. INA's market capitalisation now amounts to 32.4 billion Croatian kuna (\$5.16 billion). But analysts have questioned the relevance of the figures, given the free float is small and said it remains unclear what price MOL would demand from Croatia.

The government has floated a proposal to sell 25 percent of state power board HEP in an initial public offering to help to fund an INA buyout. Analysts have said this might not raise enough money.

Source: reuters