

Kwarteng to review Czech billionaire's plan to increase stake in Royal Mail

The business secretary has warned Royal Mail that a Czech billionaire's bid to raise his stake in the company faces a national security investigation.

The news was revealed by Royal Mail in a notification to the London Stock Exchange, saying that Kwasi Kwarteng "reasonably suspects" that Vesa Equity Investment might increase its stake from 22% to more than 25%.

According to news agency Reuters, Vesa said separately that it had contacted the government to make clear its intention to increase its stake in Royal Mail.

This means the bid can trigger an investigation under the National Security Investment Act, which gives Mr Kwarteng powers to examine deals that would "result in an acquisition that may give rise to a risk to national security".

The act is relatively new but was used by the business secretary last month when he stopped Beijing Infinite Vision Technology from buying vision sensing technology from the University of Manchester.

Royal Mail said it would "fully cooperate with this review and a further announcement will be made as and when appropriate".

Vesa is controlled by Daniel Kretinsky, who also has stakes in Sainsbury's, Foot Locker, and Macy's, and completed a deal to buy 27% of football club West Ham last year.

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Vesa, already the biggest stakeholder in Royal Mail, also said it would cooperate with the business secretary's review.

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But striking workers are putting the company under pressure.

More than 115,000 Royal Mail workers are due to strike over pay on 26 and 31 August, with two more days of strikes early in September.

Shares in Royal Mail, which have lost more than 20% of their value so far this year, were up 2.7% on Thursday afternoon.