

Sistema to Tap Rakhimov for Bashneft's Board

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Rakhimov started out at the Ufimsky refinery, where he was employed for 34 years and eventually became director. **Sergei Porter**

Murtaza Rakhimov, who recently resigned his post of president of Bashkortostan, will help holding company Sistema manage Bashneft as part of the oil producer's board of directors.

Two executives at Sistema and a source close to the oil company told Vedomosti about the coming election of Rakhimov to Bashneft's board of directors. One of the sources said Rakhimov could become deputy chair of the board.

Rakhimov has already agreed to the election and gotten approval from federal authorities, another source said. Sistema owner Vladimir Yevtushenkov has gotten the approval of Prime Minister Vladimir Putin and President Dmitry Medvedev, said a source in the presidential administration.

Vedomosti's sources did not say when a new board of directors would be elected to Bashneft. To do so, an extraordinary shareholders meeting must be called, and that requires at least 70 days.

There is nothing personal or political in this appointment, one of the sources said. This is a person who participated in the creation of the republic's oil-refining complex and led the region for a long time, he said, adding that it would have been stupid to lose this opportunity.

Rakhimov worked in the Ufimsky refinery for 34 years, reaching the rank of chief executive of the enterprise. After becoming president of the republic, he united all the fuel and energy companies into a single holding, control over which was thought to be wielded by his son Ural. Federal authorities several times tried to take control of the holding, Bashkirsky Kapital, away from the Rakhimovs.

In 2003, the Audit Chamber called the privatization of Bashkortostan's energy assets an "unprecedented theft of assets from federal ownership." Within two years, Murtaza Rakhimov gave an order to return his stock in Bashneft and Bashkirenergo to state ownership.

Ultimately, a peaceful resolution was reached with Bashkirsky Kapital. In 2006, the Federal Tax Service filed a suit calling for the holding's stock in the Bashkir energy companies, but to no effect.

The legal proceedings surrounding the Bashkir assets were what helped Sistema gain control of Bashneft. In 2005, Sistema purchased blocking stakes in several Bashkir energy assets and last year gained control over them, after which Bashneft became the main company of the holding.

Officials in the presidential administration said the Kremlin views Rakhimov's upcoming election as gratitude on the part of Yevtushenkov for Rakhimov's agreement to sell the Bashkir energy assets to Sistema.

It recently became clear that Rakhimov would not stay on as adviser to the new Bashkir president, Rustem Khamitov. Rakhimov has lost his office in the administration building, a Kremlin and a Bashkortostan government official said.

Rakhimov's appointment was a necessary move for Sistema, the Bashkir official said. The company's relations with Khamitov have not been a success so far, as Sistema had lobbied for Ravil Sarbayev to take Rakhimov's place as head of the republic.

A Sistema representative said the company is a commercial organization and it deals with business, not politics.

Now Khamitov will have to prove to his constituents and to the republic's elite that he is an independent politician, said a former official in the republic's government. But so far, he has no real levers to exert influence on large companies, especially Bashneft, in contrast to his predecessor. But he may gain such influence soon, in which case Rakhimov's help will have come at the best possible time.

Besides, for a long time, a large part of the republic's elite will be oriented toward Rakhimov, and not Khamitov.

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