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Privatization Plan Agreed For 3 Years, 10 Firms

By Irina Filatova

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The government expects to raise a total of 1 trillion rubles ($32 billion) from selling stakes in 10 state assets by 2013, Economic Development Minister Elvira Nabiullina said Wednesday.

"The government has approved the project of the forecast plan for privatization in 2011-2013," she told reporters after the cabinet meeting.

"The income from selling shares of the 10 largest companies will account for about 1 trillion rubles in 2011 to 2013," Nabiullina said.

The government is ready to sell 7.97 percent minus one share of RusHydro and 4.11 percent minus one share of the Federal Grid Company, while the stakes to be sold in Sberbank and VTB will be 7.58 percent minus one share and 35.5 percent minus one share, respectively.

A 100 percent stake in the United Grain Company will be sold by 2012.

Nabiullina said the government plans to sell a stake of 50 percent minus one share in Sovkomflot and Rosagrolizing, 25 percent minus one share in Rosneft, Russian Railways and Rosselkhozbank.

The Rosselkhozbank stake might not be sold until 2015, Nabiullina said.

Another eight midsized companies, including Apatin and S7, whose state share packages are valued at 500 million rubles or more, will be sold next year, the minister said.

First Deputy Prime Minister Igor Shuvalov said last month that the government expected to raise a total of 1.8 trillion rubles by 2015 from privatizations of some 900 companies.

The details of asset sales for 2013-15 still need to be finalized.

The ministry plans to create a public database that would provide information on privatization of the state assets to make the process more transparent, Nabiullina said.

The database would include a list of government-owned companies and details of their operations, as well as information on the privatization process. Information on leased federal property will also be accessible, she said.

Meanwhile, Roman Goryunov, chief executive of the RTS stock exchange, expressed concern on Wednesday that the government was considering a London listing of shares of the companies to be privatized.

“We have heard that the Economic Development Ministry planned to list [the companies' shares] in London. If this happens, we can forget about [Moscow as an] international financial center,” he told a conference in Moscow, Interfax reported.

All assets earmarked for privatization should be sold in Russia to support its financial market, Goryunov said.

Analysts said there was no reason to worry because the lion’s share of assets would likely be sold domestically.

“Of course, part of the assets may be sold in an IPO on foreign stock exchanges, but I think most of the assets will be sold in Russia,” said Yaroslav Lissovolik, chief economist at Deutsche Bank Russia.

Privatization itself is positive for Russia's investment climate, he told The Moscow Times, but the majority of listings should be made domestically to “give a new impulse” to Moscow’s aspiration to become a financial center.

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