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Ministers Must Resign From State Company Boards

By The Moscow Times

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Ministers, including Deputy Prime Minister and Rosneft chairman Igor Sechin, must resign as board chiefs of state-controlled companies, a top aide to President Dmitry Medvedev said Thursday.

Kremlin economic adviser Arkady Dvorkovich said also that Finance Minister Alexei Kudrin would have to quit as chairman of VTB bank, while Transport Minister Igor Levitin should go as chairman of Aeroflot.

Dvorkovich's comments came a day after Medvedev ordered the removal of ministers from the boards of state firms by mid-year, saying state meddling is holding back Russia's economy.

The removal of Prime Minister Vladimir Putin's most trusted ally, Sechin, from the helm of Russia's biggest oil company will stoke fears of a struggle for the Kremlin's top job ahead

of the March 2012 presidential election.

Sechin, the man behind a now-blocked $16 billion share swap and Arctic offshore exploration pact between Rosneft and Britain's BP, is known as Russia's oil tsar because he oversees the country's vast energy and metals sectors.

A spokesman for Putin declined to comment. Putin and Medvedev, who run Russia in tandem, have yet to agree on which of them will go for the presidency next year.

Analysts warned that Sechin's removal would weaken Rosneft's position as Russia's most powerful oil company.

"This is obviously negative for Rosneft as Sechin was seen as the biggest advocate of its interests — the shares are down — although the financial impact may be minimal," said Karen Kostanyan, head of research at Merrill Lynch in Moscow.

The wider move was seen as positive for the state firms that dominate the Russian stock market but whose politicized corporate governance leads them to trade at a valuation discount to their international rivals.

"From an investment standpoint, there's huge efficiency gains that could be made at state-owned companies. If there is more energetic management and better oversight it could be a big driver for the market," said Roland Nash, chief investment strategist at Verno Capital.

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