

# Putin's Old Teacher Mines a Fortune

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April 04, 2011



Litvinenko

Vladimir Litvinenko is a well-connected man.

The rector of the St. Petersburg Mining Institute oversaw Vladimir Putin's dissertation, which in 1996 earned the current prime minister a doctorate in economics.

Last year, Litvinenko became chairman of the board of PhosAgro, the country's largest producer of phosphate-based fertilizers.

Now he is a multimillionaire, worth an estimated \$350 million to \$450 million after an investor [prospectus](#) filed by PhosAgro last week showed he holds 5 percent of the company's shares.

The fortune is raising eyebrows because Litvinenko, who has headed the state mining institute since 1994, was not previously known as a businessman. Litvinenko's apparently rapid rise to riches speaks volumes in a country where who you know can be as important as

what you know — if not more so.

Litvinenko seems to owe his luck to being the right man in the right place at the right time.

"He is an expert in that sector, and he has direct links with Vladimir Putin — what more can you ask for?" said Georgy Ivanin, a senior analyst with Alfa Bank.

Asked how Litvinenko became a shareholder, PhosAgro spokesman Timur Belov said by telephone that the company has a policy of not commenting on its shareholders beyond what is published officially.

The mining institute did not reply to written questions sent to Litvinenko's office last Thursday. One of his aides, who identified himself only by his first name and patronymic, Viktor Mikhailovich, said by telephone that the institute's press service would look into the questions.

Litvinenko has proved his political allegiance to Putin more than once. In 2000 and 2004, he headed the St. Petersburg campaign team for Putin's election as president.

His role in supervising Putin's doctorate has been questioned since 2006, when Clifford Gaddy, a scholar at the Brookings Institution in Washington, [demonstrated](#) that key parts of the dissertation, which discusses resources planning in St. Petersburg and the neighboring Leningrad region, appeared to have been plagiarized from a 1978 U.S. business school textbook.

Litvinenko has denied the allegations of plagiarism, and Putin's spokesman Dmitry Peskov told The Moscow Times that they were "slanderous."

But Gaddy said in e-mailed comments that Putin's dissertation, a copy of which he obtained at the Russian State Library in Moscow, "is a clear case of plagiarism." He said Litvinenko probably just failed to detect it. "They just did not think it necessary to carefully read the thesis," he said.

Recruiting a person with links to Putin would be considered a feat by many companies, but perhaps particularly by PhosAgro, a conglomerate of fertilizer producers built around a phosphate miner formerly controlled by jailed tycoon Mikhail Khodorkovsky.

In a mission [statement](#) on its web site, PhosAgro says its basic policy is to balance state and company interests.

Phosphate mining, centered on the Arctic Kola Peninsula in the Murmansk region, is a topic widely studied in the St. Petersburg institute, which prides itself as the country's oldest technical university.

PhosAgro CEO Maxim Volkov told Vedomosti in an interview published Friday that it was his idea to nominate Litvinenko for the post.

Volkov said cooperation with the mining institute dated back to 2002 and its scientists advise PhosAgro in strategy and development. "About 1,500 members of our staff are graduates of this university, and some of them had Litvinenko as their dissertation supervisor," he said.

But the relationship also extends into business. Volkov confirmed in the interview that in 2009 PhosAgro gave the institute a \$119 million loan to build housing in St. Petersburg.

PhosAgro has faced Putin's wrath in the past. In 2009, workers in Pikalyovo, a town in the Leningrad region, initiated public protests after local factories closed because of rising prices for nepheline concentrate, a key component of alumina produced there. The unrest prompted Putin to personally intervene by ordering component producers to lower prices. That producer was PhosAgro's Murmansk-based plant, which subsequently agreed to supply nepheline at a price that it said was lower than its production costs.

Since then, the federal government has subsidized supplies of the agent to Pikalyovo's plants with some 785 million rubles (\$28 million), Putin said in December.

Now PhosAgro has big plans that require government support.

PhosAgro has actively lobbied the government to reach a merger deal with either Silvinit, the largest potash maker, or Canada's Potash Corporation of Saskatchewan. In a letter, PhosAgro offered both the government and Sberbank a stake of the merged company, national media reported. The merger plans have yet to bear fruit.

Experts say the fertilizer industry needs to expand output as shrinking arable land and rising global food demand spur consumption of their products.

PhosAgro is also planning an IPO as early as this year, said Konstantin Yuminov of Rye, Man & Gor Securities, a Moscow-based investment firm.

Valued by analysts at an estimated \$6 billion to \$7 billion, PhosAgro had \$3.2 billion of revenue in 2008, according to company data.

But at the same time, PhosAgro's majority owners remain unclear.

The investor prospectus that brought Litvinenko's shares to light lists a number of obscure Cyprus-registered companies with exotic names like Owl Nebula Enterprises and Fritton Management Limited.

The only other person who appears besides Litvinenko is a certain Yevgenia Guryeva, who owns 5.01 percent.

The name matches that of the wife of Andrei Guryev, a Federation Council senator for Murmansk who is widely believed to control PhosAgro.

Yuminov said it is well known that the company is owned by Andrei Guryev and that he is also behind the various shareholding companies.

"They probably wanted to show a little more openness before the IPO," he said, adding that he expected more information about shareholders to be published later this year.

Belov, the PhosAgro spokesman, refused to comment when asked whether the company were planning an IPO.

Guryev, an old acquaintance of Khodorkovsky, is said to have bought the company from Bank Menatep in 2005, the year that Khordorkovsky was convicted in a first trial amid a legal onslaught that supporters call revenge from Putin for his political and commercial ambitions.

The criminal case against Khodorkovsky began when prosecutors accused him of illegally acquiring a PhosAgro subsidiary, the Apatit phosphate miner, in the 1990s.

In his income declaration, [published](#) on the Federation Council's web site, Guryev said his wife earned 794 million rubles in 2009, while the senator himself claimed he earned only 6 million rubles.

Guryev did not reply to e-mailed questions sent Friday.

Incidentally, Guryev also graduated from the mining institute — in 2006.

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