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INDEPENDENT NEWS FROM RUSSIA

Trustees in as Ministers Leave Company Boards

By The Moscow Times

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Shuvalov is not looking for too much innovation on state company boards. **Igor Tabakov**

GORKI, Moscow Region — The government will replace officials on the boards of state-controlled firms with professional trustees and not with independent directors, First Deputy Prime Minister Igor Shuvalov said Friday.

"We will consider these people professional trustees," Shuvalov told reporters, adding that, unlike an independent director, a trustee votes in line with the government's orders.

Russia will remove government officials from boards of more than 1,000 companies, 950 of which are on the state's asset-sale program, Shuvalov told reporters outside Moscow.

President Dmitry Medvedev said Friday that government officials leaving state company boards must be replaced by impartial professionals and not by "clerks from ministries."

Some corporate board members are seen as close to powerful Prime Minister Vladimir Putin,

and last month's order to remove them is seen as part of Medvedev's bid to assert sway over his mentor ahead of a March 2012 presidential election.

"Now a new problem emerges, which we must resolve in a worthy way: The people who replace you must be professionals, impartial, uncorrupt and possessing authority on the market," Medvedev said at a meeting with Putin and other officials.

"They should not be simply clerks from ministries. ... We need to think about how to make these signals understood correctly by the investment community."

The remarks showed that Medvedev is determined to increase his influence and put teeth into one of his biggest initiatives ahead of the election.

Shortly after Medvedev's order late last month, Deputy Prime Minister Igor Sechin, who has worked with Putin for two decades, stepped down as chairman of state oil giant Rosneft and said he would leave its board.

Finance Minister Alexei Kudrin followed suit by tendering his resignation as chairman of VTB bank and diamond miner Alrosa.

But officials have cast doubt on whether Medvedev — still struggling to emerge from Putin's shadow — could bring about any major change.

Rosneft chief executive Eduard Khudainatov has said Sechin would continue to control Russia's biggest oil company, and Kudrin suggested Saturday that the changes would be symbolic because state-controlled companies would continue to represent state interests until privatized.

The government plans to raise 1 trillion rubles ($36 billion) from the sale of state assets in the next three years to reduce its role in the economy and help cover budget deficits. Medvedev last month issued 10 orders to improve the investment climate, including a schedule for the asset sales and the call to remove officials from state companies.

By July 1, government officials must leave the boards of 17 companies, including VTB Group, Rosneft and Aeroflot, its biggest airline.

Medvedev selected 100 officials, executives and academics as promising managers.
The federal list has since been expanded to include more than 1,000 people.

(Bloomberg, Reuters)

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