

State Corporations Resist Putin Order

By [The Moscow Times](#)

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Energy companies are preparing a collective appeal to the government to demand softening the conditions of the order requiring state companies and banks to disclose the beneficiaries of all parties they sign contracts with.

Prime Minister Vladimir Putin expressed his dissatisfaction in December during a conference on energy that parties contracted by state-owned energy companies were affiliated with their management.

After the conference, the government ordered energy companies and other state corporations and banks to disclose the beneficiaries of their contracting parties by February and to report the incomes of the companies' management and those of their relatives by Jan. 10.

Contracts were to be annulled if the signing parties chose not to disclose their incomes. New contracts would then be concluded only after the disclosure of all beneficiaries.

The management of state companies and banks would be personally responsible for enforcing those conditions.

The management of several state-run energy companies intends to take a unified position in two weeks and appeal to the government, a top manager of one of the companies told Vedomosti, speaking on condition of anonymity due to the sensitivity of the issue.

The manager believes that the requirement for full disclosure is logical when applied to major contractors, but gathering information from minor contractors is unrealistic.

"In its current form, the order is impossible to carry out — neither the size of the contracts requiring financial reports, nor the size of the contractors' properties necessitating monitoring were indicated," said another energy company executive, adding that annulling a contract could lead to legal action by the company.

State corporations have hundreds of thousands of contracts, explained a source at a state company in the transportation sector. Government departments are not ready either — they do not understand how they will process all the information. "Besides, the information is confidential, and there is a high risk it will be leaked from state departments," a source told Vedomosti.

All state companies mentioned in the order can sign the appeal, which Russian Railways is coordinating, Interfax reported Friday. A representative of the railway denied the report.

RusHydro and Systems Operator declined to comment. Representatives of Inter RAO and the Federal Network Company said the companies plan to enforce the order on time.

A representative of Vneshekonombank said he did not know about the appeal to the government. VTB intends not only to follow the government order, but to give recommendations for "raising the transparency of activities within Russian companies," a spokesman for VTB said.

Transneft had not been asked to sign the appeal, a representative of the company said. They expect to completely comply with the government directive.

The requirements to disclose information were sent to foreign contractors as well. There have yet to be any refusals.

The deadline to fulfill the mandate could be adjusted, the prime minister's spokesman Dmitry Peskov said, but its annulment is not being discussed. Peskov had not heard about the appeal.

Forced disclosure of beneficiaries may also contradict antitrust legislation, since private companies will, in essence, be obligated to disclose their ownership structures to take advantage of the services of the monopolies, Goltsblat BLP managing partner Andrei Goltsblat said.

"This is all just part of the election campaign — truthfully, not a very successful attempt," said the manager of one of the state holdings. "I don't know a single director who would not be furious with what is happening."

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