

TNK-BP's Antitrust 'Signal' May Be \$58M

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Igor Artemyev, head of the Federal Anti-Monopoly Service, said the majority of more than 70 legal cases in regional and federal courts were won against Russian oil companies after the fuel supply crisis that paralyzed parts of the country in the spring of last year.

The monopoly watchdog also confirmed that the size of the financial punishment to be levied against TNK-BP would be determined later this week. Russia's third-largest oil company could be fined up to 1.8 billion rubles (\$58 million).

Fuel supplies dried up in several regions after Prime Minister Vladimir Putin said prices at the pumps should be kept down and oil companies responded by raising export volumes and squeezing the domestic market.

Artemyev said Tuesday that the agency's fines were not an insignificant part of the profits generated by the guilty oil companies. They represent a "serious signal to shareholders," he told an oil trading conference in Moscow. But he added that to inflict too much harm would be counterproductive. "We shouldn't kill the chicken that lays the golden egg," he said.

Industry delegates were also told that the watchdog expected to succeed in dismantling the secretive oil trading system that currently functions in Russia. "It's time to switch to a transparent mechanism, it's time to move away from the wildness of the 1990s from which many branches of the Russian economy are [still] suffering," he said.

In particular, this involves a switch to trading oil-based commodities on public stock exchanges and the registration of all contracts outside this system. The antitrust watchdog has said a joint trading session for the country's main commodity exchanges will begin this year.

Oil products in Russia will retail at an "absolutely" market price through a "very transparent" system by the end of 2012, Artemyev promised.

According to the agency's data, state-owned Rosneft traded the most on domestic exchanges last year. But Artemyev warned that there was no compulsion to do so and all oil companies had abruptly moved away from public trading during the supply crisis.

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