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Putin: Privatizations To Be Fair Somehow

By Irina Filatova

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Prime Minister Vladimir Putin has promised that privatizations of state assets will be carried out more properly than those in the 1990s, with the companies' stakes to be sold "at a real price."

But having vowed to review the results of "unfair" privatizations in the 1990s as part of measures to increase trust in business, Putin has confessed that he doesn't know yet how to do it.

"Frankly speaking, I don't have a recipe yet. We can consider this problem, but I don't know whether we'll be able to create such a mechanism, with which society would agree," Putin told a group of chief editors of foreign media, whom he invited to his Novo Ogaryovo residence late Thursday.

Among those present at the meeting were the chiefs of British daily The Times, Italy's La

Repubblica, Canada's Globe and Mail and France's Le Monde.

Putin said last month that it's time to "draw the curtain" on the issue of earlier privatizations, saying one possible option to solve the problem was charging businessmen participating in the sale of state assets a one-time levy — an idea that he said belonged to Yabloko party leader Grigory Yavlinsky.

Russia's privatizations in the 1990s were conducted through so-called loan-for-shares auctions, with state assets widely believed to have been sold at a low price to oligarchs with close ties to the government.

Putin vowed at Thursday's meeting that during the ongoing privatization program the government will push for selling state assets based on their real price.

"We don't want to sell state property for nothing, so we'll of course coordinate our steps in the privatizations with real global conditions for the assets we offer for sale," he said, according to a transcript on the government website.

The government has said it plans to raise about 1 trillion rubles ($34 billion) from the sale of state assets by 2015.

Meanwhile, business expects Putin to tighten control over state-run companies as part of the move to make Russia one of the most attractive countries for investment, Kirill Dmitriyev, chief executive of the Russian Direct Investment Fund, said Friday.

Putin is largely expected to improve transparency and increase the efficiency of state companies based on his pledge to bring the country "100 steps forward" to 20th place in the ranking of the countries with the best investment climate, Dmitriyev said in an interview on Bloomberg TV.

Putin told the journalists that the situation in Russia had changed for the better compared with the 1990s, since the fight against corruption and economic crimes had borne fruit.

But he acknowledged that problems remain, saying the government would welcome any public initiative to fight with corruption.

However, the prime minister cast aspersions on opposition leader Alexei Navalny, known for his campaign against corruption among government officials.

"I've heard this name. ... As far as I know, the person you mention used to be an adviser for one of the governors and there were some problems there," he told the foreign journalists in reference to Navalny, who was an adviser to Kirov Governor Nikita Belykh in 2009.

Among other issues discussed at the meeting was international economic cooperation, with Russia aiming to strengthen ties with Britain.

Putin described economic cooperation between the two countries as "very bad," but said Russia had started talks with Britain, which could join the Nord Stream project, a gas pipeline under the Baltic Sea that Russia launched last year.

Putin also promised that either he or Dmitry Medvedev, with whom he agreed to switch jobs if he wins the election, will come to London later this year to watch the Olympic Games to be held in the city.

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