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Pipeline Boss Signals Battle with Traders, Summa

By The Moscow Times

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The head of oil pipeline monopoly Transneft signaled on Monday that it was lining up for battle against private magnates who built their fortunes around the company's export infrastructure.

The moves described by Transneft chief Nikolai Tokarev, a former KGB spy who served with Vladimir Putin in Germany, target traders who have sold Russian oil to Europe using Transneft pipelines and have won lucrative contracts to build and renovate its vast network.

Russia's biggest oil company, Rosneft, under Kremlin ally Igor Sechin, had already struck at traders operating on Transneft's Druzhba pipeline, which extends from Russia to Germany, by signing several direct deals to supply customers such as Poland's PKN Orlen.

"A team of traders has taken shape over the years who are middlemen between sellers and buyers. Usually they are dug in at the border, and that was how it was until recently," Tokarev

told Kommersant in an interview.

“LUKoil battled them for nearly a year by not giving them any volumes,” he said, referring to Russia’s second-largest crude oil producer. “None of these little structures will remain. The final victory over that gang is near.”

By taking business away from those traders, Rosneft’s move — announced Feb. 1 — already marked a significant redistribution of control over some of the largest, most stable flows of crude oil to Europe.

Among those to lose business on the Druzhba is Summa, whose trading arm Soyuz did not receive its usual volumes in January.

Tokarev also said the state monopoly had moved to reduce the influence of the Summa Group, the vehicle of magnate Ziyavuddin Magomedov, at Russia’s largest port group, Novorossiisk Commercial Sea Port Group.

State oilmen such as Tokarev and former military translator Sechin, both of whom worked with Putin in St. Petersburg and moved on to government in Moscow as Putin rose to the presidency, look set to challenge Magomedov’s ambitions to buy state shares in the port group.

Like Putin, both Tokarev and Sechin project themselves as staunch defenders of Russia’s vital interests through their careful husbandry of its vast natural resources and, increasingly, its infrastructure.

In a profile by Vedomosti on Monday, Tokarev was portrayed as a father figure to Putin during their time working for the KGB in the German city of Dresden.

“Almost all the residents in Dresden lived around one stairwell. Everyone left their doors open, and everyone was constantly visiting,” a source who served with the two men was quoted as saying.

“Once, we were at Tokarev’s and a pale, shy, quiet guy came in. ‘This is Vova,’ Tokarev said,” the source recounted, using the diminutive for Vladimir and referring to Putin. “Someone said, ‘Vova, sit down, have a drink.’ ‘No,’ Tokarev said, ‘Vova doesn’t drink.’”

Tokarev also said Summa had asked Transneft to offer cut-price logistics services under a plan to create a hub for trade in Russia’s Urals crude oil in Rotterdam, Netherlands, at a Summa-built terminal.

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