

State Mulls \$20.74Bln Plan to Reform, Partially Privatize Russian Post

By [The Moscow Times](#)

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Russian Post might get a private investor. **Vladimir Filonov**

The government is considering a \$20.74 billion plan to reform Russian Post and privatize a part of its services, Kommersant reported Wednesday.

The Communications and Press Ministry has submitted to the Cabinet a draft plan to reform Russian Post by splitting it into logistics and customer service divisions.

The radical reform envisaged by the ministry provides for the establishment of a subsidiary that will be jointly owned by Russian Post and a private investor. The subsidiary will take over the postal service's logistics and mail sorting facilities.

The postal services monopoly will also receive massive state subsidies of over 622.2 billion rubles (\$20.74 billion) until 2023 to support the mail delivery system, the report said.

Denis Sverdlov, deputy communications and press minister and one of the document's co-

authors, thinks achieving Russian Post's goals of providing equal access to postal services, raising employees' wages and developing distribution networks for goods and services would be difficult with the current corporate structure.

State subsidies provided to Russian Post will be partially recovered from dividends and will be spent on capital investments and higher wages for postal employees, the document said.

Alternatively, the postal service could keep its current structure, which would slash the amount of required subsidies to only 50.2 billion rubles. The company would rely on the growing share of e-commerce, which should constitute seven percent of all retail trade in Russia by 2023.

In the next 11 years, both letter deliveries and parcel shipments should rise by 38 percent, while financial services are expected to rise by two percent, the document said.

But if the plan's authors are wrong about their market expectations, Russian Post may have to resort to the pessimistic scenario, which calls for personnel cuts and fiscal optimization instead of growth.

In that case, state subsidies would amount to 406.9 billion rubles, but even then the postal service would stay in the red, the report points out.

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