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INDEPENDENT NEWS FROM RUSSIA

SPIEF in Brief

By The Moscow Times

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Gazprom Says No to Greek Acquisition

Gazprom will not bid for Greek natural gas company DEPA in a possible new privatization tender, said the head of Gazprom's export arm Friday.

Asked whether Gazprom would bid again if there was a new tender in Greece, Alexander Medvedev said: "No, we won't go."

Athens, which is trying to raise 1.8 billion euros ($2.37 billion) from asset sales by the end of September, failed earlier this month to attract any binding bids for DEPA and said it would launch a new tender in the future. (Reuters)

Job Cuts Urged

The state should cut its workforce to spur productivity, Finance Minister Anton Siluanov said on Friday.

"When it comes to increasing labor productivity, you need to free up workers," Siluanov said. "We're afraid to cut jobs for workers in both the public sector and in the private sector."

The state employs 25 percent of the country's workforce, or 18 million people, up from 23 percent in 2005, according to Alfa Bank estimates.

Unemployment fell to 5.2 percent in May from 5.6 percent in April, according to the State Statistics Service, Bloomberg reported.

The economy is currently operating "at nearly full capacity," Siluanov said Friday. "When unemployment is low, it's entirely possible to conduct structural reforms to reduce the number of workers, and thereby increase labor productivity," he said. (MT)

VTB Seeks to Sell Tele2

VTB said on Thursday that it wanted to sell part of its stake in Tele2 Russia to help develop the country's fourth-largest mobile phone company but that it would not consider Rostelecom as a partner.

Yury Soloviyev, first deputy president of VTB's management board, said the bank would keep control of Nordic telecom company Tele2's Russian business, which it bought in April for $3.55 billion.

"Our talks with a number of private investors are in quite an advanced stage. I believe we will sell a certain part of our stake within the next three to four months. It will be a co-investor, we will still control our investment," Soloviyev said.

"We are not discussing the sale of any stake in Tele2 to Rostelecom ... It will be investors who can develop this asset with us in the future," he said. (Reuters)

MegaFon Mulls Bid For Rostelecom Assets

MegaFon may consider buying assets belonging to Rostelecom if the government sells its 53 percent stake in the company and invites them to bid, its CEO said on Thursday.

"If there is any offer from the government [regarding Rostelecom], we will look at it in due course," said CEO Ivan Tavrin, although he added there had been no discussions about it.

An MTS spokesman said on Wednesday that it would also examine any specific proposals.

However, Communications Minister Nikolai Nikiforov was quoted by Interfax on Thursday as saying that no privatization scheme of Rostelecom was being discussed.

Tavrin confirmed earlier reports that MegaFon is in talks to buy next-generation telecom operator Scartel, and talked down the possibility of acquiring Tele2 from state bank VTB. (Reuters)

BP to Consider Onshore Ventures With Rosneft

BP chief executive and Rosneft board member Bob Dudley said the British major would look at direct participation in "really difficult" Russian onshore oil ventures with Rosneft, which already has an exploration deal with ExxonMobil.

"The Arctic projects are for the next decade. Onshore can be done earlier," Dudley said, noting that BP effectively owned 20 percent of Rosneft's stake in the joint exploration ventures.

He also said BP might be interested in tapping some of Russia's shale oil reserves, a focus of interest for Exxon.

BP would look to deploy its own skills and technology, including waterflood management technology, as part of a potential deal for direct participation in an exploration or production venture with Rosneft. (Reuters)

$2Bln Investment Fund Deal Cemented

The state-backed Russian Direct Investment Fund and Abu Dhabi-based Mubadala Development Co are setting up a $2 billion fund to invest in projects in Russia.

Each side will contribute $1 billion and the fund will focus on investments in various industry sectors, the parties said late on Thursday. (Reuters)

G20 Advisory Group Meets Putin

CEOs from the G20 Advisory Group of the International Chamber of Commerce (ICC) met in Saint Petersburg with more than 400 other business leaders and top government officials, including Russian President Vladimir Putin, to push for greater trade openness in preparation for the upcoming 2013 G20 Summit.

"We are here to encourage the G20 to take a leadership role to lower trade barriers and unlock jobs and growth," said Harold McGraw, ICC chairman-elect, in a press release.

The ICC reminded G20 policymakers that despite recurring pledges to roll back protectionist measures, the G20 was failing to demonstrate global leadership on trade openness. The ICC Open Markets Index 2013, released last week, indicates that only one G20 country, Canada, ranks among the world's top 20 open trade markets. (MT)

Lipton Warns on Stimulus Measures

The economy needs to grow faster, but government attempts to stimulate demand will not succeed in the long run, the International Monetary Fund's first managing director, David Lipton, said on Friday.

"Russia needs faster growth, but it's not going to get much faster growth by stimulating demand because there isn't that much slack in the economy," Lipton said.

Lipton weighed into a policy debate in Russia about how to revive flagging growth and stagnant investment, after Finance Minister Anton Siluanov said this week that a weaker ruble exchange rate would boost exports and fiscal revenues.

Calling for better conditions for business to invest, Lipton warned that stimulus might lift growth in the short run but risked causing exchange rate pressures and pushing up inflation in the longer term. (Reuters)

Friendly Market for Eurobonds

Russia expects better market conditions for the placement of its long-planned $7 billion eurobonds than when it raised its foreign debt last year, Finance Minister Anton Siluanov said on Friday.

"I think that the [market] situation will calm down soon and conditions for our borrowing will be better than last year," Siluanov told journalists.

Last year, Russia raised $7 billion in eurobonds in several parts, with a $3-billion 30-year Eurobond sold at 250 basis points over U.S. Treasuries, $2 billion 10-year paper at plus 240 basis points and $2 billion 5-year eurobond at 230 basis points over Treasuries.

Siluanov said that the Finance Ministry may issue this year's Eurobond also in several parts and with the same maturity as those in 2012. (Reuters)

Fed Policy to Hit China

Russia's top Group of 20 official said on Friday that China was the country most vulnerable to the impact of the Federal Reserve's plan to scale back ultra-loose monetary policies aimed at stimulating a U.S. economic recovery.

Chairman Ben Bernanke's confirmation this week that the Fed planned gradually to reduce its $85 billion in monthly bond purchases has sent global financial markets into a spin and hit emerging economies particularly hard.

"As an economist, I can tell you that China is my biggest worry right now," Ksenia Yudayeva, the Kremlin official in charge of preparing the G20 leaders summit in St Petersburg in September. (Reuters)