

Davos in Brief

By [The Moscow Times](#)

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Deripaska Wants Capital Moved to Siberia

Russian aluminum magnate Oleg Deripaska has proposed moving the nation's capital to Siberia, to stem the concentration of power and corruption in Moscow and help integrate the country into Asian and Pacific economies, a news report said.

Deripaska, whose company RusAl has most of its plants in the Siberian region of Krasnoyarsk, made the proposal at the Davos economic forum during a panel discussion about Siberian development, Vedomosti reported Thursday.

"Moscow means excessive centralization and corruption," Deripaska said, naming Krasnoyarsk and Irkutsk as candidates for a new capital.

Integrating Russia into the Asian and Pacific region's economies was a "question of the country's survival," Deripaska said. *(MT)*

Sberbank Discusses Debt Restructuring With RusAl

Sberbank is negotiating with loss-making aluminum group RusAl on a debt restructuring deal to help the company weather low aluminum prices, two banking sources said Friday.

RusAl has been hit by weak aluminum prices and its heavy net debt levels of about \$10 billion.

"The model has been broadly agreed ... We cannot afford for the world's largest producer to fail," one of the sources said.

RusAl declined to comment. Sberbank could not be reached for immediate comment.

The price of aluminum has shed nearly 50 percent since 2008, forcing loss-making companies to slash capacity in recent years and causing some smelters to close down completely.

In 2010, Sberbank took on a loan made by the state to RusAl during the financial crisis. It is now worth about \$4.6 billion and matures in September 2016. *(Reuters)*

Iraq Oilfield to Help LUKoil Increase Output by 1.5% in 2014

LUKoil plans to increase crude output by 1.5 percent this year compared with 2013 after it launches its Iraqi West Qurna-2 field, CEO Vagit Alekperov said on Friday.

Last year, LUKoil reversed a prolonged decline in its oil production, increasing output by 1 percent to more than 1.8 million barrels per day, also thanks to new assets.

"We think that in 2014, taking into consideration the West Qurna-2 launch ... production growth will be achieved. We will grow by 1.5 percent," Alekperov told Prime on the sidelines of the World Economic Forum in Davos.

The launch of West Qurna-2, the world's second-largest undeveloped field with recoverable oil reserves of about 14 billion barrels, in spring will allow LUKoil to more than double its overseas oil output, which now accounts for about 6 percent of total production. *(Reuters)*

LUKoil Mulls Expansion in Georgia

LUKoil is ready to expand its business in Georgia and could become involved in the development of hydroelectric resources in the country, company CEO Vagit Alekperov said.

Alekperov met with Georgian Prime Minister Irakli Garibashvili on Thursday at the World Economic Forum in Davos, Switzerland, after which he told journalists "Our company is working steadily on the gas market in Georgia ... We have a great interest in expanding business in this country and in the Black Sea region in general."

LUKoil's CEO added that his company had not excluded the possibility of working on the development of hydroelectric power plants in Georgia, should it prove to be "economically viable."

LUKoil has worked in Georgia since 2002 and has a large number of gas stations in the

country. *(MT)*

Sberbank Chief Touts Effective Institutions

Sberbank CEO German Gref stressed the importance of institutions to fostering economic growth at a business breakfast arranged by the bank at the World Economic Forum in Davos on Friday.

"Effective institutions assume the supremacy of the law, the absence of unseen advantages and transparent mechanisms for resolving disagreements," Gref, a former minister of economic development, said.

The theme of Sberbank's breakfast — and one that Gref raised at the Gaidar Forum in Moscow earlier this month — was the relative importance of state institutions and a strong government in supporting the economy.

"Weak institutions often block innovation due to a fear of upsetting the established balance of power, which makes growth inconsistent," Gref said.

Among the participants were Economic Development Minister Alexei Ulyukayev, Rosnano CEO Anatoly Chubais and head of the Russian Direct Investment Fund Kirill Dmitriev. *(MT)*

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