

Rocky Market Risks Delaying Russia's Multi-Billion Privatization Drive

By [The Moscow Times](#)

June 09, 2014



Deputy Finance Minister Tatyana Nesterenko

Russia has denied changing its privatization plans after a report on Monday of delays to the program, though a spokesman for the office of First Deputy Prime Minister Igor Shuvalov acknowledged the business environment for state selloffs remains tough.

The spokesman's comments came in response to a report quoting a government minister saying Russia was putting off the privatization of three companies which had been planned for this year, in what would be the latest delay to a program hampered by economic uncertainty linked to the Ukraine crisis.

The plans for the year involved the sale of shares in Rostelecom, shipping company Sovkomflot and sea port Novorossiysk.

"Nothing has changed in the plans and principles of privatization," the spokesman said. "We

will privatize these and other companies only when there is an appropriate economic environment. There has been no such an environment.

"When a decent buyer with a decent price emerges, we will sell the companies this year or next."

The government has said it hopes to raise 200 billion rubles (\$5.8 billion) by selling stakes in state companies this year. However, Deputy Finance Minister Tatyana Nesterenko was quoted as saying the proceeds could be less than envisaged.

"We expect a significant decline in revenues from privatization, to 170.8 billion rubles (\$5 billion)," Nesterenko said, RIA Novosti reported.

Later, the Finance Ministry said on Twitter that the state budget is likely to get proceeds from the sale of the three companies not earlier than 2015.

Uncertain Value

Russia's privatization plans have been hit by a fall in the dollar-denominated RTS share index, down about 5 percent on the year, and weakness in the ruble, down 4.3 percent, reflecting Western sanctions over Russia's annexation of Crimea.

"We checked the estimate for the planned sale of shares in Rostelecom, Sovkomflot and the Novorossiysk sea port. Based on the uncertain value, the government decided not to sell these shares this year," Nesterenko said, RIA Novosti reported.

Launched in 2010 by the then-Finance Minister Alexei Kudrin, the privatization drive aims to reduce the state's direct role in the economy and improve a much-criticized investment climate.

But it has been dogged by delays.

Assets have been removed from the lists, prey to a tug-of-war between more liberal-minded politicians and hardliners favoring a slower approach to privatization. Market volatility has been exacerbated by the crisis over Ukraine, where pro-Russian separatists and government forces are fighting in the east.

Russia's state property management agency has said the state may sell stakes in airline Aeroflot and oil major Rosneft, but the latter faces objections from its CEO Igor Sechin.

See also:

[Massive Privatization Plans Still On Schedule This Year, Says State Property Agency](https://www.themoscowtimes.com/2014/06/09/rocky-market-risks-delaying-russias-multi-billion-privatization-drive-a36296)

Original url:

<https://www.themoscowtimes.com/2014/06/09/rocky-market-risks-delaying-russias-multi-billion-privatization-drive-a36296>