The Moscow Times
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INDEPENDENT NEWS FROM RUSSIA

Russia Raises Only One-Fifth of Planned Billions From Privatization Drive

By The Moscow Times

March 19, 2015

A man looks out of a window as a sign with the logo of VTB bank is seen in central Moscow.

Russia's much-discussed, perpetually delayed privatization drive has in five years brought the budget only 21 percent of the sum originally planned, the country's Audit Chamber said in a statement Thursday.

A few major sales were forced through by presidential or government decision — such as the sale of shares in power company Inter RAO and state bank VTB — but the plan as a whole has been weakly implemented, the report found.

Begun in 2010 on the initiative of then-Finance Minister Alexei Kudrin, the drive to reduce the state's role in the economy has been plagued by delays and infighting over which state assets were to be privatized.

Privatization was further postponed in 2014 as market turbulence caused by the crisis in Ukraine and sharp falls in the price of oil sent Russian share prices tumbling.

Sales of shares in state companies brought the budget a total of 256 billion rubles ($4.3 billion) between 2010 and 2014, the statement said. Of that sum, 191 billion rubles ($3.2 billion) came from the sale of shares in major corporations.

The main obstacles to privatization include "low-quality planning and ineffective management of federal property by the state authorities," the report said, citing auditor Maxim Rokhmistrov.

To this day, the government has no approved method for forecasting revenue from privatization, the report said.

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