

Russian State Firms Allowed to Hide Public Contracts as U.S. Sanctions Loom

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Dmitry Medvedev / Russian Prime Minister Press Service

Russian state companies will no longer be required to disclose the names of their contractors, making it easier for businesses to avoid being targeted by U.S. sanctions or cover up corrupt practices.

Prime Minister Dmitry Medvedev signed the decree on Monday and the secrecy measure will last until July 1, 2018, the Vedomosti business daily [reported](#) Thursday.

Under the new rules, state firms can hide internal financial transactions and contractors can do business with companies under sanctions without the risk of being caught, a source close to the state-owned Rosneft oil giant told Vedomosti.

The U.S. [listed](#) 33 Russian defense companies and six intelligence organizations as potential targets of new restrictions in retaliation for Russia's alleged meddling in the 2016 election and its support for regional conflicts.

American companies could be banned from doing “significant” business with the listed entities starting February.

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By reducing transparency in state companies' dealings, the new decree will also allow officials to cover up corrupt practices.

"State companies are very reluctant to report their real spending to the Russian public," Lyubov Sobol, an anti-corruption lawyer for corruption activist and opposition leader Alexei Navalny, told Vedomosti.

State spending, for example on construction work being done in Moscow, is often kept hidden as state secrets to avoid scrutiny, she said.

Last year, Interior Minister Vladimir Kolokoltsev [said](#) government procurement was one of the most corrupt areas in the Russian economy.

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