

Lebedev: Improved Management Key to State Asset Sales

By [The Moscow Times](#)

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State-run companies must improve corporate governance to ensure the success of the government's asset-sale program, billionaire Alexander Lebedev said Friday.

The government aims to raise as much as 700 billion rubles (\$23 billion) from the disposals in 2011-13 to help narrow the budget deficit, Economic Development Minister Elvira Nabiullina said Thursday. The sales may bring in 883 billion rubles during the period, Finance Minister Alexei Kudrin said last week.

"These serious intentions are going to be hindered by the lack of transparency of what they're going to be selling," said Lebedev, 50, who owns a large minority stake in state-run Aeroflot. "What's the point of privatizing companies like that? Who is going to buy them?"

The Finance Ministry has proposed selling minority stakes in companies including the two largest lenders, Sberbank and VTB Group, as well as Russian Railways, shipper Sovcomflot,

the RusHydro utility, Rosselkhozbank and the Agency for Mortgage Lending.

Sales of stakes in Russian Railways and the Agency for Mortgage Lending may be delayed for two to three years, according to Kudrin. Shares in Rosneft may be sold in three to five years, he said July 28. He declined to name other companies, saying the list has not been completed.

In addition to shrinking its control of the economy, the government should cut bureaucracy by simplifying the process for licensing businesses and putting the private sector in charge of granting licenses where possible, Lebedev said.

“If they are really serious about doing this, they should conceptually change the entire government policy,” said Lebedev, whose fortune was estimated at \$2 billion by Forbes in May. “A part of this is the judicial system and the lack of competitiveness in the political system.”

Russia is the world’s 20th-riskiest place to do business, according to Maplecroft, a risk-management adviser. The firm’s study of 172 countries ranks respect for the rule of law, property rights, access to the legal system, corruption, corporate governance and regulatory frameworks. India was the 59th-riskiest, and Poland was ranked 124th.

Russia had a deficit of 5.9 percent of gross domestic product last year, the first shortfall since 1999, as the economy contracted a record 7.9 percent. The government seeks to narrow the gap to 3.6 percent next year, 3.1 percent in 2012 and 2.9 percent in 2013.

On top of asset sales, the government may raise taxes on oil and natural gas extraction and some metals exports, and tap bond markets to narrow the deficit.

The state will retain controlling stakes in any major companies, Kudrin said. The sales plan should be clarified in September and the list finished by year-end, he said.

“Pronouncements about this were around for a couple of years at least,” said Lebedev, who controls National Reserve Bank, owns London's Evening Standard Newspaper, and styles himself as Europe’s biggest potato farmer. “We will be waiting for facts,” he said.

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