

Confusion Clouds State Board Purge

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The  **Moscow Times**

President Dmitry Medvedev's plans to purge ministers from board chairmanships at state firms were clouded on Tuesday by a report naming a new generation of candidates that the government was forced to deny.

Kommersant cited unidentified sources with knowledge of the government's work as saying that some of the stars of Moscow's investment banking and corporate worlds could replace the ministers.

Several of those named as potential candidates told Reuters that they had not even been approached, indicating that the leaked list was preliminary and possibly one of a number under early discussion.

The Federal Agency for State Property Management said the report was untrue, and a Kremlin official said it had yet to be decided who would replace government officials.

"This is all just gossip. The struggle for these seats has not started yet," said the senior Kremlin source, who declined to be identified due to the sensitivity of the situation. "It has yet to be decided who could [replace the government officials] and after that these candidates will

be suggested to the president."

Prime Minister Vladimir Putin has not yet publicly commented on Medvedev's plan, though the most prominent potential victim is one of his most trusted allies, Deputy Prime Minister Igor Sechin.

When asked about the replacement of state officials on the boards of state-controlled companies, Putin's spokesman Dmitry Peskov said: "The issue is being worked on, but we have not moved on to discussing candidacies yet."

Medvedev on Saturday set a deadline for the board purge to start July 1 and be completed by October. The reform has sparked speculation that Medvedev is trying to push out Putin's allies in a power struggle ahead of the 2012 presidential election.

If successful, Medvedev's reform also could increase profits for shareholders by helping cut costs at many of the sprawling state-controlled companies, which provide over 15 percent of Russia's \$1.5 trillion gross domestic product.

But much will depend on implementation.

"I think the president was very clear about which boards he wants to reshuffle," said Sergei Guriev, rector at the New Economic School in Moscow. "When he gives orders as direct and as clear as these, the government must follow them. Otherwise, the president's authority would be openly undermined. I think in this case the government declared its willingness to follow."

The most prominent target of Medvedev's plans is Sechin, who is set to lose his unpaid posts as board chairman at oil major Rosneft, power company InterRAO and Rosneftegaz, according to the Kremlin.

Kommersant said Sechin could be replaced at Rosneft by Rair Simonyan, non-executive chairman at Morgan Stanley in Moscow, or by Vladislav Martynov, CIS managing director at SAP.

Simonyan served as a Rosneft vice president in the 1990s, and Sechin has hired several of Morgan Stanley's top bankers to serve in Rosneft. Martynov is an experienced IT entrepreneur who has worked at Microsoft.

"In the majority of cases, the potential independent directors are people who are already rather well integrated into structures close to the government," Kommersant said.

Simonyan could not be reached immediately for comment.

(Reuters, MT)

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