

FSK Pulls Plug on Offshore Contracts

By [The Moscow Times](#)

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Just days after the Federal Grid Company told business partners who refused to disclose ownership that it was terminating their contracts, the state-owned electricity distributor announced that it will avoid buying materials from contractors registered offshore.

It also said it would steer clear of contractors whose owners — including beneficiary owners — are registered offshore.

Federal Grid Company, or FSK, "has made the decision to restrict the participation of contracting parties connected to offshore zones in the company's purchasing procedures," the company said in a statement Wednesday.

"Tightening up its purchasing rules ... makes it possible to strengthen the protection of shareholders' interests and create additional obstacles to sending capital out of Russia," the company said in the release.

FSK said it informed business partners "interested in extending current contracts" of its new

stance ahead of time and warned potential purchasing partners.

A similar approach was taken in last week's action against contractors. On March 13, FSK sent letters to contractors that hadn't disclosed the identity of their owners, FSK spokesman Oleg Kozlov said at the time. Before those notifications went out, FSK "had undertaken painstaking work" with all of its contract partners to obtain ownership details, Kozlov said by e-mail.

Both announcements have cited a need to meet standards established by a December commission led by Prime Minister Vladimir Putin, as well as by a government commission on energy-sector development.

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