

# Russia Opens Criminal Case Against Uralkali CEO

By [Peter Hobson](#)

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The Russian Investigative Committee, by opening a criminal case against Uralkali CEO Vladislav Baumgertner, could be opening the way to his extradition from Belarus, where he had been held since August. **Andrei Makhonin**

Russia has opened a criminal investigation into the chief executive of potash producer Uralkali, Vladislav Baumgertner, and will request his extradition from Belarus, federal investigators said Monday.

Belarus detained Baumgertner during a visit to Minsk on Aug. 26, about a month after Uralkali caused a row between Russia and Belarus when it unexpectedly pulled out of a sales cartel for fertilizer component potash with Belarus' major producer, Belaruskali.

Russia's Investigative Committee said in a statement that it had opened the investigation into Baumgertner on suspicion of abuse of power, the main charge he faces in Belarus.

Investigations have also been opened into Konstantin Solodovnikov, former deputy CEO of sales joint venture Belarussian Potash Company, or BPC, and a number of other undisclosed figures, a statement on the Investigative Committee's website said.

Russian investigators received 19 volumes from Belarussian authorities concerning the details of the case, the Belarussian Telegraph Agency reported. "It follows from these materials," read the statement on the Russian Investigative Committee's website, "that the named officials, in carrying out their functions, abused their positions, using them to the detriment of the lawful interests of their companies and for the benefit of other figures, causing significant damage and serious consequences for Belarussian Potash Company and Uralkali."

Uralkali, which has previously denied Belarus' accusations against Baumgertner, declined to comment on the Investigative Committee's statement, which opens the door for the executive's return to Russia.

Despite intense diplomatic activity, Russia has been unable to secure the return of the CEO. Belarussian President Alexander Lukashenko had said his country could hand over Baumgertner, 41, who is under house arrest in Minsk, as long as Russia took steps to prosecute him.

Baumgertner's arrest has put close but often tense relations between the two ex-Soviet allies under pressure, and speculation has mounted that Russian billionaire Suleiman Kerimov, Uralkali's main shareholder, may sell his \$3.7 billion stake in a shake-up in its top management.

The chain of events that led to Russian authorities opening a criminal investigations case began in late July, when Uralkali unilaterally pulled out of a joint venture with partner Belaruskali. That venture, BPC, together with Canada's Canpotex, dominated the global potash market, controlling 70 percent of worldwide sales.

The cartel-like arrangement worked to keep prices high by limiting supply. In the period leading up to the pull-out, Uralkali repeatedly accused Belaruskali of breaking the terms of their agreement by selling potash — the main ingredient for fertilizer — outside the structure of BPC.

Fed up with the violations, Uralkali decided to upend the market. Quitting the joint sales venture, it committed to strategy of volume. Planning to release unheard-of quantities of potash onto the market, Uralkali predicted that the product's price could fall by one quarter.

News of Uralkali's move precipitated a huge overnight fall in its share price, wiping about \$2 billion off the company's capitalization.

For Belarus, the collapse quickly became politically urgent. Massive potash exports provided one of the few reliable sources of foreign currency for a fragile economy. Loss of export revenue quickly began to exert pressure on the Belarussian ruble, and in turn on the country's government.

Baumgertner was arrested on Aug. 26 in Minsk airport. He was trying to leave the country

after a meeting with the country's prime minister, Mikhail Myasnikovich, who had invited him to come, an Uralkali spokesman said at the time.

Having agreed to open a criminal investigation against sections of Uralkali's and BPC's management, and in doing so return Baumgertner to his home country, it remains to be seen whether Russian investigators will be as aggressive as their Belarussian counterparts.

"All is going as planned: Russia needs to open the case to get the CEO home and release him there after confirming that he is not guilty," Elena Sakhnova, an analyst at VTB Capital told Bloomberg.

*Material from Reuters was included in this report.*

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