

Beat: Politics

VLADIMIR PUTIN HELD A MEETING TO DISCUSS PRIVATISATION ISSUES

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USPA NEWS - In Moscow (The Kremlin), on February 1, 2016, Russian President Vladimir Putin held a meeting to discuss privatisation issues.

PRESIDENT OF RUSSIA VLADIMIR PUTIN :

Good afternoon, colleagues.

We have met today to discuss the Government's privatisation plans for 2016.

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PRESIDENT OF RUSSIA VLADIMIR PUTIN :

Good afternoon, colleagues.

We have met today to discuss the Government's privatisation plans for 2016. I have just looked over a few issues with [Prime Minister] Mr Medvedev. The privatisation process plays an important part in changing the Russian economy's structure and stimulating an inflow of private investment.

Today, we need to settle the concrete parameters for this year's privatisation programme and decide which stakes in companies with state participation can be sold to private organisations, and which should remain in the state's hands. Before we start our work, I want to note a few key points.

First, it goes without saying that all privatisation deals must comply strictly with the law. We must also ensure maximum transparency of all deals for the participants and for the public.

Second, privatisation must not lead to the state losing control of strategically important companies. I stress the point that controlling stakes in state-owned enterprises of fundamental importance to their sectors should remain in state hands for now.

Third, selling off state assets should be justified and expedient from an economic point of view. We need to take the current circumstances and market trends into account. Of course, we are aware that some things contradict each other and in this respect, we need to find middle ground.

We must not sell shares at bargain basement prices. This will not benefit the budget and, what's more, this practice can lead to the risk of competing companies taking over enterprises, which is ultimately also not the best thing for the market. These are things we need to avoid.

Fourth, we need to pay more attention to investors' quality, business reputation, and work experience. Transfer of shares to private hands is possible only when the buyer has a strategy for developing the acquired company.

Fifth, privatised assets' new owners should be located in Russia's jurisdiction. "Shadow" schemes, putting assets in offshore zones, and concealing the identity of stakes' owners is unacceptable. We have been talking about de-offshorisation for a long time now, and in this situation, it would be the wrong course to undertake new privatisations while at the same time leaving open the possibility of further Russian assets being taken offshore.

Future investors and buyers must find their own resources or borrow funds, but not from state banks. There would be little sense in

that.

In conclusion, I want to say again that for privatisation to be a success, it is extremely important for the state to have a clear understanding of what is being sold and to whom, and what consequences this will have for different sectors' development and for the economy as a whole.

We all know that privatisation is not just a budget measure, but is a means of bringing about structural change in the economy. We need to keep both of these dimensions in mind. Only a balanced approach like this will enable us to find an effective balance between state and private capital in the country's economy.

Let's start work.

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Ruby BIRD

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