

Vladimir Putin issues a decree 'in defence' of Gazprom

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11 September saw the publication of a decree by President Vladimir Putin concerning "measures to protect the interests of Russia in respect to the conduct of foreign economic activity by Russian legal entities". This document covers part-state-owned joint-stock companies which are listed as strategic enterprises, and the companies dependent on them. The decree obliges such companies to obtain prior consent to act from the federal government of Russia in three situations: (1) the disclosure, at the request of the authorities of other countries, international organisations and international structures, of information on their activities (other than those disclosed in Russian law, and those concerning information related to the issue of securities); (2) if changes are to be made in contracts entered into by strategically important companies (including changes to prices); and (3) the sale of foreign assets belonging to Russian strategic companies.

The decree states that the relevant executive body (as designated by the Government of the Russian Federation within one month of the date of decree) will be required to issue a negative decision if disclosure of the information indicated above constitutes a threat to the economic interests of the Russian Federation.

Commentary

- Putin's decree is a direct response to the antitrust proceedings which the European Commission (EC) is conducting against Gazprom, as well as a political demonstration of opposition to actions that – in Russia's opinion – might threaten the Russian company's economic interests. Both the decree and the Russian President's earlier statement criticising the EC's decision show that the Kremlin views the current situation as a political dispute, the solution to which requires top-level talks. These moves also confirm Russia's negative attitude towards the EU's regulations deepening the liberalisation of the gas market (especially concerning the implementation of the Third Energy Package).
- This decree has not stopped the EC's proceedings; if Gazprom does not cooperate, this will only increase the likelihood of a ruling against it. Instead, it will negatively affect the negotiating position of countries such as Lithuania and Poland, which have demanded that Gazprom cut its gas prices in long-term contracts. Gazprom's representative Sergei

Kuprianov has stressed that the company will not give its foreign customers any discounts on gas exported without the prior consent of the government of the Russian Federation.

- The decree is merely a formal acknowledgement of the already existing state of affairs, namely that key decisions concerning strategic companies in Russia are taken at the highest political level. Although the direct cause of the decree is the attempt to safeguard Gazprom's interests on the EU gas market, it is possible that its provisions will be used to protect the position of other Russian businesses operating abroad.