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Plans to privatise the Russian economy

On 3 August, President Dmitri Medvedev accepted the government's revised programme to privatise Russian enterprises. The current plan is intended to reduce the state's presence in the Russian economy even further than originally planned, while leaving the instruments to influence economic processes in the hands of the ruling camp.

The current programme expands the number of enterprises to be privatised (by a further 21 companies), in contrast to last October's plans, and extends the period for selling them by two years, up to 2017. Under this program, the state intends to fully withdraw from companies including Vneshtorgbank, Rossielkhozbank, the Sheremetyevo Airport management company, and Aeroflot, the main national carrier. For some companies, such as the energy companies Roshydro, Rosneft and Zarubezhneft, and the diamond mining company Alrosa, the Russian government plans to hold a 'golden share' (an instrument that gives the state the casting vote at shareholders' meetings). According to the programme, the state intends to retain majority stakes in Transneft (the owner of the oil transmission network), the Federal Grid Company (which operates Russia's electrical power network) and the Russian Railways. It is estimated that the National Treasury will receive around US$30 billion per year (equivalent to approximately 20% of the Russian Federation's budget deficit) from these privatisations.

The partial privatisation of the Russian economy seems to be a foregone conclusion; the income from it should be an important factor in financing Russia's budget deficit in the coming years. However, in the light of the dispute within the Russian government on how far privatisation should go, its implementation according to the plan announced seems unlikely, unless there is a serious deterioration in the state of public finances. <iwo>