Chapter X
The transformation of State enterprises in Russian Networks 1990-2005
Marina V. Klinova

Introduction

Huge corporations emerged in Russia as a consequence of the privatisation programme which started in the early 1990s along with the transition to a market economy. The State, however, often retained a significant share in a number of these privatised corporations, while privatisation was not accompanied by an adequate competitive framework. Indeed, State presence has actually expanded in some spheres, such as in the energy sector, the case of GAZPROM, Russia’s energy giant and the world’s largest gas enterprise, being a case in point. A historic legacy of intimate State involvement in the development of the national economy has profoundly influenced ways of thinking about economics in Russia. This tradition helps explain many of the current trends in Russia, such as a shift towards State capitalism and corruption in government circles (both curbed by the ‘logic’ of globalisation), the need to stimulate inward FDI whilst eliminating obstacles to outward FDI, and the establishment of a competitive environment. This article aims to analyse these major, counteracting trends by focusing in particular on the transformation of GAZPROM.

This chapter is organized into six parts. Firstly, the history of ownership in Russia is briefly presented; secondly, the principal legal foundations of privatisation are described; the third and fourth section deal with the main features of network reform and the role of the natural gas industry in general
and GAZPROM in particular in the national as well as the European economy; the fifth part considers overall FDI flows and the internationalization efforts of GAZPROM, and the conclusions follow.