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Rosneft float is a bad omen for Russia

Sir: In discussing the Rosneft IPO, Robert Amsterdam's argument that our financial institutions' "tacit support of these Russian initiatives will harm Western capital markets" is correct ("Allowing this sale of 'stolen goods' is a disgrace", 10 July). But the argument has an important corollary: it will grievously harm Russia too.

With a declining population and a growing reliance on its export-led energy sector, Russia is in desperate need of foreign direct investment to diversify and strengthen its economy. But state intervention in the private sector (most notably the vast appropriation of Yukos assets) can only undermine investor confidence in the longer term. Foreign interest in the Rosneft IPO should not be confused with confidence in Russia as a safe haven for investment, and those who invest are essentially gambling on the vicissitudes of Kremlin favour.

SACHA JAMES KUMARIA

ASSISTANT DIRECTOR STOCKHOLM NETWORK, LONDON NI