

New York Sun: The Khodorkovsky Connection

Today the New York Sun is running an opinion article by Bob Amsterdam:

The Khodorkovsky Connection

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In the latest news coming out of Russia, Mikhail Khodorkovsky has been transferred within Siberia from a gulag to a pre-trial detention center in Chita for what may be the application of further bogus charges against him. And on Friday, police officials took his father, recently released from hospital, for interrogation.

Although you may not have remarked upon it, even before this news, the name of my client had taken on new significance. For his is one of a handful of names to appear recently in two otherwise seemingly unrelated stories out of Russia: the mysterious poisoning of the former Russian spy, Alexander Litvinenko, and the decision by Royal Dutch Shell to give in to Kremlin pressure and offer up a large stake in the Sakhalin-2 natural gas project.

While both events received publicity, few noted the Khodorkovsky connection, and many in the press and policy communities have yet to understand the precedent-setting significance of his story.

More than 3,000 miles away from Moscow serving a nine-year sentence on tax evasion, the former oil billionaire links the Litvinenko poisoning and the increasingly confrontational and aggressive energy politics of the Kremlin. Mr. Khodorkovsky connects these events not because of a shady conspiracy theory and not because of accusations against the president of Russia in the London poisoning. My client's story explains the relationship of the dissident's death to the Sakhalin heist for another reason altogether: His political persecution and imprisonment and the theft of his assets set the gold standard for Russian impunity.

The expropriation of Mr. Khodorkovsky's oil company, Yukos, was the first in a series of unlawful energy expropriations by the Kremlin, which have created international tension on a level not seen since the Cold War. As Elena Bonner, the widow of Andrei Sakharov, said to me, even in the days of Nikita Khrushchev and Leonid Brezhnev, a family member would not have been pulled in for questioning. Success in acting against Mr. Khodorkovsky gave the Kremlin a model to follow in crushing political opposition and seizing property.

The Kremlin also believed it had the tacit permission of the world community to so act. After all, if the West failed to react to the plight of Mr. Khodorkovsky – imagine President Bush imprisoning Bill Gates on tax charges and then nationalizing Microsoft – then Russia could believe that the West would tolerate even more outrageous conduct. For this reason, Mr. Khodorkovsky's legal status is important not only to Russia, but also to Americans and Europeans.

Many view Mr. Khodorkovsky's persecution as a key moment in Russia's anti-democratic backslide. His show trial and imprisonment laid the foundation for Russia's current lawless environment, characterized by the unsolved murders of a prominent journalist and a central banker. While I was one of the first to say that President Putin is entitled to the presumption of innocence in the Litvinenko case, there is little doubt that the dramatic transformations that have occurred under his rule helped create the lawless culture that prevails today.

The assault on Yukos's assets was an assault on both Russian and foreign investors. Yet not only were Russian authorities responsible. The Kremlin had several accomplices, including some powerful foreign friends. Major Western financial institutions such as Dresdner Kleinwort Wasserstein and ABN AMRO participated in the initial public offering of Rosneft, a Russian state company whose core oil producer, Yuganskneftegaz, was expropriated from Yukos and sold at a fraction of its value in an illegal auction. Thanks to the complicity of members of the international financial community in this transaction, the Russians now have the confidence to continue pillaging private businesses such as Royal Dutch Shell.

The consequences for energy relations and geopolitics are potentially disastrous, as the Khodorkovsky case has fundamentally turned the Russian state into a cabal of resource nationalists. There are people in the Kremlin willing to use Russia's gas and oil resources as weapons to advance a political agenda, as demonstrated by punitive energy policies toward pro-Western former satellite states such as Ukraine and Georgia, and projects such as the North European Gas Pipeline, which significantly threatens Poland's energy security.

Instead of running the pipeline through Poland, which would be relatively inexpensive, Russia has chosen the more expensive route under the Baltic Sea. This would keep Poland from collecting transit fees and moreover would allow Russia to cut off Poland's gas supply without endangering Germany. According to Andrei Illarionov, a former economic adviser to Mr. Putin and current fellow of the Cato Institute, there are also individuals within the administration using their control over oil and gas for personal enrichment.

Not only should Mr. Khodorkovsky's name resonate with Americans when they top off their tank at the gas pump, but it should also sound when the Venezuelan president, Hugo Chavez, insults America, and when the Iranian president, Mahmoud Ahmadinejad, compromises the security of the Middle East and holds conferences to deny the Holocaust. The former has just closed major arms and energy deals with Russia, and the latter enjoys Russian protection at the United Nations. The three presidents share a vision of a multipolar world to counter America. Theirs is a disturbing alliance made possible by power gained from the seizure of Yukos and other private energy assets, by Western acquiescence, and by ongoing acts of energy imperialism.

This is the fourth holiday season that Mr. Khodorkovsky will spend in prison, far from his wife and children. He is in danger, exposed to threats to his physical safety – earlier this year he survived a stabbing by a fellow prisoner who tried to gouge out his eye as he slept. Once Russia's leading businessman and philanthropist, Mr. Khodorkovsky is now a "prisoner of conscience," as described by Mark Medish of the Carnegie Endowment. His story reveals the relationship of big energy deals, human rights, and political dissidents. His fate, for better or worse, is determinative of Russia's future in the international system.

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