

Foreign Affairs Committee

Oral evidence: The UK's Relations with Russia, HC 120

Tuesday 8 Nov 2016

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Members present: Crispin Blunt (Chair); Ann Clwyd; Mike Gapes; Stephen Gethins; Daniel Kawczynski; Andrew Rosindell.

Questions 127-175

Witnesses

[I](#): Mikhail Khodorkovsky, Open Russia.

[II](#): William Browder, CEO, Hermitage Capital Management.

Examination of witness

Witness: Mikhail Khodorkovsky, Open Russia.

[The questions to, and answers by, Mikhail Khodorkovsky were dealt with by simultaneous translation. Mr Khodorkovsky subsequently submitted his corrections to the transcript, which have been added as footnotes.]

Q127 **Chair:** Welcome to this afternoon's session of the Foreign Affairs Committee's inquiry into Britain's relations with Russia. I am delighted to welcome Mikhail Khodorkovsky. I understand, Mr Khodorkovsky, that you are going to give your evidence in Russian. I would be grateful if you would introduce yourself formally to the Committee for the record before we begin our questions.

Mikhail Khodorkovsky (Translation): Distinguished ladies and gentlemen, I am Mikhail Khodorkovsky. In the past, I was the leader of the oil company Yukos. I was imprisoned for 10 years on an alleged, trumped up charge by the Russian state and I was then found to be a prisoner of conscience by Amnesty. I am at your disposal.

Q128 **Chair:** Thank you very much. It might be said that your relations with Mr Putin are in about as good a place as British-Russian relations are currently. Is it possible for Britain and its allies usefully to engage with President Putin's Russia?

Mikhail Khodorkovsky (Translation): I do not think that it is possible strategically to normalise relations with the Kremlin while the present leadership is in place. This is connected with the fact that President Putin has a completely different understanding of the world from the one that you have here. More than that, to remain at the head of Russia—and as far as I understand he wishes to remain there for the remainder of his life—he needs to have an external enemy.¹ I think he has clearly chosen that to be the West and, in particular, Great Britain.²

Q129 **Chair:** But in the end we need to do business with Russia and with the Putin Administration, as he is the President of a rather substantial country with, not least, a veto on the United Nations Security Council. How can we, or should we, do the necessary Government-to-Government business with him? Is there any way to put him in such a place that it becomes easier for us to do business with him? If you think it is impossible that we could get to a state of normality in international relations with Russia under Putin, are there areas in which he would compromise or be prepared to co-operate in international relations?

¹ MK: More than that, to remain at the head of Russia—and as far as I understand he wishes to remain there for the remainder of his life—he needs to have the image of an external enemy.

² MK: I think he has definitely chosen that [enemy] to be the West, including Great Britain.



Mikhail Khodorkovsky (Translation): In terms of strategic issues such as security and counter-terrorism, I am absolutely convinced that you will not be able to achieve some kind of fully fledged strategic co-operation, for the simple reason that you have different strategic objectives.³ Your strategic objective is security, and his is maintenance in power.⁴ You know that the modern world, the Western world, is composed of many different centres of decision making, whereas in his head he has a conspiratorial notion of the world in which everything is controlled and managed from one centre.⁵ That is the result of the fact that that is what it is like in today's Russia.⁶

Nevertheless, I completely agree with you that it is impossible not to have dialogue with Putin's regime, and it is impossible not to have any kind of relationship—that would be a big mistake.⁷ Without any doubt, it is possible to come to some kind of tactical agreement on any question, if you understand that you will not get any kind of institutional support for your agreements—it just doesn't exist.⁸ The decisions taken by Great Britain are supported by a distribution of powers and public opinion, including an independent press, whereas in Russia, as you are well aware, there is no independent judiciary and no independent Parliament, and the independence of the press and media has been virtually destroyed. Independent positions are marginalised, so any kind of agreement you reach will be maintained only so long as Putin wants it to be.⁹

³ MK: In terms of strategic issues such as security and counter-terrorism, I am absolutely convinced that we will not be able to achieve any real, fully fledged strategic co-operation, for the simple reason that you have different strategic objectives.

⁴ MK: Your strategic objective is security, and his strategic objective is to remain in power.

⁵ MK: You know that the modern Western world is composed of many different centres of decision making, whereas in his head he has a conspiratorial notion in which everything is controlled and managed from one centre.

⁶ MK: That is the result of the fact that this is precisely what the situation is in today's Russia.

⁷ MK: Nevertheless, I completely agree that it is impossible not to maintain a dialogue with Putin's regime, and it is impossible not to build any kind of relations at all—that too would be a big mistake.

⁸ MK: Without any doubt, it is possible to come to tactical understandings on any questions if you continue to recognise that there is no institutional support behind your understandings.

⁹ MK: Decisions taken in Great Britain are supported by separation of powers and public opinion, including an independent press, whereas in Russia, as I think you are well aware, there is no independent judiciary and no independent parliament, the independent mass media have been virtually destroyed and the independent opposition has been marginalised, so any understanding will function only precisely as long as Putin wants it to function.



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At one and the same time, it is possible—and necessary, in my opinion—to develop a number of softer approaches, for example through science and culture.¹⁰ From that point of view, there are a lot of additional possibilities and opportunities, including the UK visa regime for Russian citizens, which is currently very complicated, especially when it comes to non-state structures. Obviously, trade can be conducted. It is necessary to carry on with trade, providing that you remember and realise that if you are dealing with dual-purpose products; they can be used to your detriment.¹¹

Q130 Chair: Given the unhappy parallel between your relations with Mr Putin and Britain's relations with Russia now, is there anything that the United Kingdom can do on its own, as opposed to always acting in concert with the international community? Is there a policy path that you would see for the United Kingdom in its relations with Russia?

Mikhail Khodorkovsky (Translation): I do not actually think that there is any sense in undertaking any kind of broad-based, far-reaching measures on lifting sanctions against Russia, for example, in as much as the systemic potential of sanctions is not very great.¹² Nevertheless, sanctions actually to some extent gather society around the Kremlin.¹³ At the same time, when it comes to relations with the representatives of the regime—Putin's inner circle—the UK certainly can do quite a bit in my view.¹⁴ The UK is a rather popular place, after all, for depositing the illegal assets of the Russian political elite.¹⁵ Apart from that, this money is being used not only for these people or their families to live well here; this money today is being used to impact on Western public opinion in the interests of maintaining Putin's regime.¹⁶ In that respect, the United

¹⁰ MK: At the same time, to my view it is possible—and necessary—to cultivate relations in "soft" directions, such as science and culture.

¹¹ MK: From this point of view, there are many additional opportunities. For example, Great Britain's visa regime for Russian citizens is extremely cumbersome, especially when it comes to non-state structures; no doubt trade can and should be conducted, but once again with the realisation that if we are speaking of trade in dual-purpose products, these dual-purpose goods can be used in a harmful way.

¹² MK: I do not think that there is any sense in undertaking any kind of broad-based, far-reaching measures within the framework of toughening sanctions, for example, in as much as the systemic potential of these sanctions is not very great.

¹³ MK: Nevertheless, to a greater degree they actually rally society around the Kremlin.

¹⁴ MK: At the same time, when it comes to relations with representatives of the regime—with Putin's inner circle—here Great Britain certainly can still do quite a bit more in my view.

¹⁵ MK: Great Britain is a rather popular place for the Russian political elite to keep its illegally amassed money.

¹⁶ MK: Apart from that, this money is being used not only for these people or their families to be able to live well here; this money is also being used to affect Western public opinion in the interests of maintaining Putin's regime.

Kingdom applying its legislation consistently would mean that it was doing more than it is doing as of today.¹⁷

Q131 Andrew Rosindell: Good afternoon, Mr Khodorkovsky. In your view, what is President Putin attempting to achieve through his foreign policy stance? What are his objectives?

Mikhail Khodorkovsky (Translation): It is my profound conviction that the only real objective that Putin has is to maintain his regime in power for an indefinitely long period.¹⁸ The problem is that to achieve or attain this objective, given the poor governance of the country and the rather weak position of the economy, Putin needs to strengthen—beef up—pressure abroad and to demonstrate the existence of enemies surrounding Russia, to demonstrate that he is a tough player in the international arena. When I say “tough”, I mean in the military sense.¹⁹ It is precisely this which is the basic international problem about Putin’s regime at the moment.²⁰

Q132 Andrew Rosindell: So, in your view, does he have a coherent foreign policy in any sense, as we might understand it in the UK? You mentioned enemies of Russia. Do you think the president sees the United Kingdom as one of those enemies?

Mikhail Khodorkovsky (Translation): I apologise. I would just like to ask you to repeat that question. I didn’t quite hear it to the end.

Andrew Rosindell: Do you think that the President feels that the United Kingdom is one of the enemies of Russia? As you described, enemies of Russia surround the country. Does he think Britain is one of those enemies? And does he have a coherent foreign policy strategy, as we would understand it in the United Kingdom?

Mikhail Khodorkovsky (Translation): I have no doubt that Putin is provoking Russian society, projecting the idea that the UK is indeed an enemy of Russia.²¹ As to whether or not he actually thinks that himself, I think he probably doesn’t.²²

¹⁷ MK: In this respect, if Great Britain would apply its legislation consistently it could accomplish more than it is able to accomplish today.

¹⁸ MK: It is my profound conviction that the only real objective that Putin has is to maintain his regime status for an infinitely long time.

¹⁹ MK: The problem is that to fulfil this objective, given the poor governance of the country and a not very stable economy, Putin needs to keep ratcheting up the tension on the border, to demonstrate the existence of enemies surrounding Russia, to demonstrate that he is a hard-line player—I specifically mean hard-line in the military sense—in the international arena.

²⁰ MK: It is precisely this which is the greatest international problem in relation to Putin’s regime today, in my view.

²¹ MK: I have no doubt that Putin is projecting the idea onto Russian society that Great Britain is indeed an enemy of Russia.

²² MK: Does he think so himself? I would say it is more likely that he does than that he



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Does he have a coherent strategy? Well, to his way of thinking, he does. In my view, there is no such strategy, however, because if he did have that type of strategy, we could say that it's simply not successful—it's a failure.²³

Look at it yourself. Huge resources have been disbursed on the Olympics, both financial and political.²⁴ And I could be actually liberated or freed from prison because of those very same Olympics, even. That was done to normalise relations with the West.²⁵ After that, you immediately got the events in Ukraine.²⁶ Now, whether you consider those to be strategically successful steps or measures—I doubt that you would, either of them.²⁷

Then he pressurised Europe and also compared the position of Europe and the US through NATO.²⁸ Did he think that was a successful strategy? I doubt it—hardly.²⁹ Did he presume that the sanctions that were introduced against Russia would divide Europe? Clearly not.³⁰

Look at the latest events in Syria. I am absolutely sure that what he's done in Syria was initially aimed at least at getting the US to come to the negotiating table together with Russia, and the result is exactly the contrary.³¹ Relations between the two countries have gone to the absolute nadir—the absolute bottom.³²

So my conclusion is that he does not have any such strategy; the results of his international policy are a disappointment to him; he has lost equilibrium, so his conduct as a result of all of that has become even more unpredictable.³³

does not.

²³ MK: In my view, there is no such strategy, because if there were one, we could say that it's not a successful one.

²⁴ MK: See for yourself: huge resources were spent on the Olympics, both financial and political.

²⁵ MK: I myself was released from prison for the sake of the Olympics. That was done to mend fences with the West.

²⁶ MK: And right after this you get the events in the Ukraine.

²⁷ MK: Is this a strategically successful step? Hardly. [inaudible]

²⁸ MK: He put pressure on Europe and once again brought the positions of the Europeans into closer alignment with the positions of the United States, including in NATO.

²⁹ MK: Was this a successful strategy, as he sees it? Hardly.

³⁰ MK: Could he predict that the sanctions that were imposed against Russia would serve to unite Europe as much as they did? Clearly not.

³¹ MK: Look at the latest events in Syria. I am absolutely sure that what he did in Syria was initially aimed at bringing the United States to the negotiating table. The result has been exactly the contrary.

³² MK: Relations have gone to their lowest level in modern history.

Q133 Stephen Gethins: Mr Khodorkovsky, thank you for coming before us today. In terms of foreign policy, you rightly touched upon Mr Putin's foreign policy in Ukraine and in Syria. One less reported area is in the South Caucasus. What do you think his overall foreign policy strategy is in the South Caucasus?

Mikhail Khodorkovsky (Translation): When you say the South Caucasus, do you mean Georgia, Armenia?³⁴

Stephen Gethins: Georgia, Armenia and Azerbaijan.

Mikhail Khodorkovsky (Translation): According to my view, although I have no real specific knowledge about this region, there are lots of private interests of Putin's inner circle at work in this region. In that, of course I include commercial interests, although I don't think the term "commercial interests" will really translate the essence of it.³⁵ It is more a question of being able to use the Russian budget for illegal ends.

There can be no doubt though that the policy in the South Caucasus is aimed at influencing neighbours, including Azerbaijan and Turkey.³⁶ Azerbaijan, for example, is a very important energy supplier for Europe, indirectly therefore on the energy sector of Europe, of the EU. And, of course, Turkey is a transit country in that respect.³⁷ So I think the policy with regards to South Caucasus is a combination of these two, that is to say, private interests and also pressure on Europe.³⁸

Q134 Daniel Kawczynski: I wanted to ask about the efficacy of the sanctions that we have in place against Russia. We have been monitoring how trade between America and Russia is on the increase; between Russia and China, trade is on the increase; between Russia and India, trade is on the increase. Whilst maintaining sanctions, we in Europe see a number of things. Firstly, there is an increase in trade between some of our international competitors and Russia. Secondly, domestically, Russia is recalibrating some of its production in order to become self-sufficient in

³³ MK: So we can conclude that he does not have any strategy; the results of his international actions rankle him; he is losing his equilibrium. And as a result, his conduct becomes even more unpredictable and dangerous.

³⁴ MK: When you say "South Caucasus", do you mean Georgia?

³⁵ MK: To my mind, although I haven't made any particular study of this, that what we have in this region is more likely to reflect the private interests of individual people from Putin's inner circle, including commercial interests as well, although I don't think the term "commercial interests" accurately conveys the heart of the matter here.

³⁶ MK: On the other hand...the policy in the South Caucasus could have influenced neighbours, including Azerbaijan and Turkey.

³⁷ MK: And thereby, indirectly, inasmuch as these countries... Inasmuch as Azerbaijan, for example, is an important energy partner for Europe in the European business area of energy [inaudible].

³⁸ MK: I think the influencing in the South Caucasus is a combination of these two tasks: private ones and tasks of having an impact on Europe.



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certain areas rather than being dependent on imports from Europe. Lastly, some British manufacturing companies that I have spoken to are actually using their factories in India to supply the Russian market, therefore bypassing these sanctions. So, how is it possible for us to have an effective sanctions policy when all of these things are happening?

Mikhail Khodorkovsky (Translation): I believe that Europe and the US have not acted very clearly or properly on the whole question of sanctions.³⁹ Initially when I addressed this question of sanctions, my position was that of a Russian citizen, to the extent that I understood personal sanctions.⁴⁰ It is certainly true that certain Western countries don't want to see particular individuals; that is perfectly understandable.⁴¹ I understand perfectly well that money of certain individuals is not welcome in Western countries because these assets are stolen.⁴² One could even explain the question of dual-purpose production, because if we are not allies then clearly the West must be concerned with its own security.⁴³ However, I do not think that broader sectoral sanctions will have a big influence on Russia. It will actually bring my compatriots to rally round the Kremlin. I do not think it will help Western Europe either.⁴⁴

To my great regret, at the moment lifting sanctions will only mean that Putin will sell that line to the Russian public as his victory over the weak West and it will give him the possibility of saying to society in the future that there is no point in paying any attention to the positions or stances of Western society.⁴⁵ Therefore, the situation, as far as I can see, is far from being clear or simple, but we have to find a way out of that, and that is my direct advice.⁴⁶

Q135 Daniel Kawczynski: As a Russian yourself, you understand the Russian

³⁹ MK: I believe that in a certain sense Europe and the United States have not acted very clearly on the whole question of sanctions.

⁴⁰ MK: When I addressed this question [of sanctions] for the first time, my position as a Russian citizen was that I could understand personal sanctions.

⁴¹ MK: Yes, I can understand why Western countries don't want to see certain individuals coming to those countries.

⁴² MK: Yes, I can understand why Western countries don't want the money of certain individuals to be held in those countries. Because this money belongs to the people.

⁴³ MK: One can even explain the position on dual-purpose goods, because if we are not allies then clearly the West should [not?] forget about its own security.

⁴⁴ MK: However, I was sure that broader sanctions, on entire sectors, would not have a big impact on Russia, but would actually rally my compatriots around the Kremlin, and would be anything but simple for the Westerners.

⁴⁵ MK: Most regrettably, the lifting of sanctions now will allow Putin to sell this to the Russian public as his victory over a weak West and will allow him to later say to society that there is no need to pay any attention to the position of the West.

⁴⁶ MK: Therefore, the situation is far from simple. But we do need to find a way out of it. How? I am wary of giving any direct advice here.



mentality better than any of us on this panel. The Russians—not just Putin but the Russian Government, the Russian Duma—do not have a history of being intimidated or forced to do something by sanctions. Surely, it is better to negotiate with them, get round a table and go the extra mile to negotiate, rather than try to push and cajole them through sanctions.

Mikhail Khodorkovsky (Translation): The unity of Western Europe on sanctions was a serious political issue for Putin—I do not say economic, but political—in as much as it demonstrated the capability of the West of acting together, in concert.⁴⁷ I believe that, to a significant extent, the events in Ukraine evolved essentially because Europe proved that it could stand alone.⁴⁸

I agree perhaps, with you, that this was not the best form to demonstrate it but the problem is this: how can we now take a step back? Is it possible to take a step back now, and not to provoke Putin to take further measures with regards to a “weak West”?⁴⁹ I don’t know about that. I’m not sure. Do we need to deepen or toughen up sanctions? I think not.⁵⁰

Now I am talking about sectorial sanctions.⁵¹ If it comes to sanctions with regards to specific individuals, then I would say that a Russian citizen needs the psychological support of the West. Whether or not one should invest money in the West and still continue working and embezzling money in Russia, I think that if that is possible then most Russians would actually enjoy it.⁵² So there are sanctions and sanctions here.⁵³ These are two different things.

Q136 Mike Gapes: Can I ask you about your assessment of the tensions that have arisen recently on the military side? Last week, the Royal Air Force

⁴⁷ MK: There is no doubt that for Putin the unity of Western Europe on the question of sanctions had a serious political impact—not economic, but political—in that it demonstrated the capability of the West to act together in concert.

⁴⁸ MK: I believe that, to a significant extent, their further progress in Ukraine was halted precisely because the West demonstrated that it could act together in concert.

⁴⁹ MK: Was this the best way of demonstrating this? I agree with you, perhaps this was not the best way of demonstrating it, but it was what it was. How can one take a step back now, and is it possible to take a step back now and not to provoke Putin to take further measures with regards to a “weak” West?

⁵⁰ MK: I don’t know; I’m not sure. Do we need to toughen the sanctions regime? I think not.

⁵¹ MK: Now I am talking about sector-specific sanctions.

⁵² MK: But if we’re talking about sanctions with regards to specific individuals, then here I would say that Russian citizens more likely psychologically support the West’s positions that people who are trying to take money out of Russia and to continue taking it while working at government posts and stealing from public coffers, then spending this money in the West, should be stopped.

⁵³ MK: So there are sanctions and there are sanctions.



had to use a fighter aircraft to escort the Russian bomber that was coming close to our airspace, and we have had a number of incidents of that kind over recent years. How do you believe that the UK should respond to military provocations of that kind?

Mikhail Khodorkovsky (Translation): I do not think that President Putin is prepared to behave like a madman and start a war. I believe that, to a certain extent, he wanted people to be apprehensive that he might actually be capable of such a thing, but he is not a madman.⁵⁴

What I see in terms of Russian internal domestic policy is that he behaves there in exactly the same way as he does on the international arena.⁵⁵ It is as follows: in the beginning he tries to grope his way forward as far as possible, be it citizens' rights or military provocation.⁵⁶ He looks at the kind of reaction evoked.⁵⁷ If it is weak, then he shores up a different position.⁵⁸ If the reaction is strong, however, he says, "For the sake of argument, I was just checking. Let's go back and take a step back."⁵⁹

He actually spoke about this very specifically once when he was speaking to journalists, especially with regards to civil society.⁶⁰ It is not very politically correct, but I will quote him. He says, "Society is like a woman. I have to attempt to go forward and she, or it, has to resist." I am absolutely convinced that he has precisely this kind of policy in international affairs, with regard to the question you asked.⁶¹

Q137 Mike Gapes: At the same time, we have RT—Russia Today—and Sputnik and, indeed, the Twitter feed of the Russian embassy in the United Kingdom regularly tweeting anti-Western conspiracy theories and narratives. Do you think that is important? How should we in the UK respond to this?

⁵⁴ MK: I believe that, in a certain sense, he wants people to fear him, [to think] that he might actually be capable of such a thing. But he is not a madman.

⁵⁵ MK: From what I am able to see in terms of Russian domestic policy, he behaves in exactly the same way in relation to international affairs.

⁵⁶ MK: It is as follows: first he tries to move as far forward as possible, be it cutting back on civil rights or military provocations.

⁵⁷ MK: He looks at what kind of reaction he gets.

⁵⁸ MK: If the reaction is weak, then he digs in at this new position.

⁵⁹ MK: If the reaction is strong, he says (hypothetically), "I was only kidding; I'm stepping right back."

⁶⁰ MK: There was one time when he was speaking to journalists that he expressed himself in very concrete terms on this subject as regards civil society.

⁶¹ MK: This is not going to sound politically correct, but I'm quoting: "What society says is like a woman. I've got to try, while it's got to resist" I am convinced that he has precisely this kind of policy in international affairs as well, with regard to those matters we are speaking of right now.



Mikhail Khodorkovsky (Translation): I find it difficult to answer that one—that is, to what extent anti-Western Russian propaganda has an effect on Western society—in as much as I am a guest here.⁶² However, if the impact is as strong and as proactive as it is within Russia, then I think the reaction should be very strong, because in Russia, Putin has achieved very serious shifts and changes in the ethnic psychology through his propaganda.⁶³

Any kind of assistance here to Russian society and to the Russian-speaking community in Europe by the BBC or other Russian media outlets in the West would do no harm, especially when it is a question of internet connections.⁶⁴ It is probably not very easy to have an impact on the public opinion of elderly people, but what is happening now is a real fight for the position of young people and that is done on the internet, of course.⁶⁵

Chair: Mr Khodorkovsky, thank you very much indeed for the moment. I am afraid I only learned before this session that we should have got two interpreters to do simultaneous translation rather than just lump the entire burden on one for the whole of your session. We have more questions we want to ask you, but if it is possible for you to take a break and allow the interpreter a rest, we will take evidence from Mr Browder. Then we could come back to you, if you are able to hold on and allow Mr Browder 45 minutes or so to give his evidence.

Mikhail Khodorkovsky (Translation): Okay, that's fine.

Examination of witness

Witness: William Browder, CEO, Hermitage Capital Management.

Q138 **Chair:** I invite Mr William Browder to come forward. Mr Browder, can you formally introduce yourself for the record?

William Browder: My name is Bill Browder. I have three roles in the world: I am the CEO of Hermitage Capital Management, which at one time was the largest foreign investor in Russia; I am also head of the Magnitsky

⁶² MK: I'm only a visitor here so it's hard for me to judge just how much of an impact Russian propaganda activity in Great Britain has on society here.

⁶³ MK: However, if the impact is as strong and as active as is felt within Russia, then the reaction should be significant, because in Russia, Putin has achieved a significant change in public consciousness with the help of propaganda.

⁶⁴ MK: In this regard, any kind of assistance today, from the point of view of the BBC or other outlets broadcasting in Russian telling Russian society and the Russian-speaking population of Europe, would do no harm, especially when we're talking about working in the net, I mean the internet.

⁶⁵ MK: Because it is probably not that easy to change the opinion of the elderly part of society any more. What is happening now is a struggle for the position of young people, and this struggle is being waged on the net.



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Justice Campaign, which is a campaign fighting for justice for my murdered lawyer Sergei Magnitsky; and I am also the author of "Red Notice: How I Became Putin's No. 1 Enemy".

Q139 **Daniel Kawczynski:** Obviously, there is a huge amount of increase in tensions between the United Kingdom and Russia. Our companies are losing billions of pounds in trade with Russia as a result of the sanctions we have put in place. British troops are being sent to the Baltic states. Yet, in your written evidence to the Committee, you suggest that our policy towards Russia is "appeasement". Could you please explain that?

William Browder: Let me just draw your attention to several examples. I think it was six years ago, Alexander Litvinenko was murdered in a hotel in Grosvenor Square, using polonium-210. After a very serious criminal investigation, it was determined that the polonium-210 came from Russia and that it was a state-sponsored assassination that might have been done at Putin's recommendation. Since then, there has been no consequence whatsoever for Russia. In other words, because of that lack of consequence, we have allowed Russians effectively to get away with the first state-sanctioned nuclear murder in the United Kingdom.

More close to home for me is the inaction of the British Government in relation to the murder of Sergei Magnitsky and the consequences for his torturers and murderers. We successfully got a law passed in the United States, called the Sergei Magnitsky Act, which imposes visa sanctions and asset freezes on the people who killed Sergei Magnitsky and the people who commit other gross human rights abuses.

I am a British citizen and have been one for almost 18 years. In spite of the fact that this is my country and this is my home, and Sergei Magnitsky was my lawyer, since the Magnitsky Act was passed in the United States, the British Government has refused to enact a similar piece of legislation here, effectively allowing people who were involved in the Sergei Magnitsky murder and other terrible abuses to come to this country with impunity.

In relation to the Magnitsky case, we have also identified large amounts of money from the crime that he uncovered and was murdered for. He uncovered a \$230 million tax rebate fraud by officials in the Russian Government. We have traced £30 million of that money coming to the United Kingdom and we have found where it went, through which banks it went, who ordered the money to be sent here. We shared that with the police here and, in spite of using the same evidence to open up criminal cases in a dozen other countries, the British law enforcement authorities have refused to open a criminal case.

While Britain may be playing its part in an international consortium in relation to Ukraine, I have seen at the coalface, on the front end, in real life, the appeasement that goes on on a day-to-day basis in relation to Russia.

Q140 **Daniel Kawczynski:** "Appeasement" is a very strong word. I am



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surprised that you would actually accuse the United Kingdom of appeasing Russia over the Magnitsky case. Do you not accept that, in order for us to negotiate with the Russians as a fellow permanent member of the UN Security Council, you need to have some form of relationship and dialogue with them, in order to try to facilitate some of the changes that we are after? It seems as if you want us to take even further action against the Russians, to isolate ourselves even more from them. How is that going to be conducive to trying to encourage Mr Putin and others to try to make some of the changes that we are seeking from them?

William Browder: Let us just look at the situation on the Magnitsky case in particular. The United States passed the Magnitsky Act in December 2012. As Secretary of State, John Kerry has engaged in a regular dialogue with Russia from that moment all the way until today. One can't make the argument that imposing sanctions creates a situation where you can't have a diplomatic relationship or engagement with Russia. It is possible to have a mature relationship with Russia, where you don't allow their individual torturers and murderers to come into your country, but you can continue to talk to them about issues of strategic importance.

Q141 **Ann Clwyd:** Hello; we have met before. In evidence to the Home Affairs Committee in May, you alleged that London is a hub for laundering dirty money from Russia. What specific steps do you think that the UK Government should take to deal with this problem?

William Browder: I have a number of ideas. First and foremost, I am working together with a number of your parliamentary colleagues on an amendment to the Serious Crime Bill, which would be called the Magnitsky amendment. The Magnitsky amendment would effectively identify and freeze assets of individuals who were involved in gross human rights abuses and grand corruption here in the UK. It is a very concrete step: it is going to be added to the Serious Crime Bill and that is something that can be supported by all Members of the Parliament.

In addition, I believe that there is a fundamental problem in law enforcement—that the rules in the UK in terms of money laundering are quite robust, but the enforcement of those rules is exceptionally weak. I don't say that lightly, but with great knowledge, because I have dealt with 12 other countries on the same evidence and can say definitively that Britain is in the second worst position of all the countries I have dealt with in terms of enforcement of money-laundering rules. There is a specific reason for that which has been articulated to me, which is that the way in which the system is set up here, if the law enforcement agencies decide to prosecute somebody and they fail, they end up paying the costs in court of the winner. As a result, because the law enforcement agencies are so strapped for cash as it is, nobody will ever take the economic decision—or, the career-ending decision—to launch any case unless they are 100% sure from the very beginning that they are going to succeed in that case.

If one were to make just one small change to the laws here—and I have suggested this for the new Serious Crime Bill—of eliminating the payment



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of costs by law enforcement agencies, that would completely change the character, or the risk/reward, of conducting investigations and you might get the same type of robust investigations that would preclude and dissuade people from using London as the money-laundering centre of the world.

Q142 **Ann Clwyd:** So are you saying that bodies such as the Serious Organised Crime Agency are ineffective in dealing with this problem?

William Browder: I am saying that they are ineffective, and they are ineffective because they are scared. They are scared because they have no resources to pay. If they take any case in which they lose, they have to pay the legal fees of the person they have gone after—and by doing so, they don't want to take any risk whatsoever. I have worked with the law enforcement agencies in the United States, France, Switzerland and many other countries. They can freeze assets without any fear of economic consequences, and therefore if you show them a case of a crime, they will go after the criminals, whereas they will not here in the United Kingdom.

Q143 **Ann Clwyd:** Are there any cases where you think they have been effective?

William Browder: In this country?

Ann Clwyd: Yes.

William Browder: In this country, we have launched five—now, I think, six—different complaints with the law enforcement agencies, and they have all been rejected, one by one by one; with the Serious Fraud Office, the Serious Organised Crime Agency—which has become the National Crime Agency—the Metropolitan Police and HMRC. Every single complaint that we filed has effectively not been investigated, for one reason or another.

Q144 **Ann Clwyd:** In which countries are there agencies that are effective?

William Browder: Pretty much every other country, including some countries that you wouldn't guess. The most robust places are those that you would guess: places such as the United States Department of Justice. The French police have been extremely robust; so have the Swiss police. Remarkably, even some of the Baltic countries, such as Estonia and Lithuania, have been active, but Britain has not.

Q145 **Chair:** Let me summarise that. You are saying that there is nothing wrong that you have been able to identify with the legal framework; it is simply that the prosecuting authorities, the investigatory authorities, are too nervous about their exposure to costs to take action. If there was a technical change and the Treasury underwrote their exposure to costs as a result of their actions, they would be inclined to be more robust.

William Browder: I would not exonerate the entire legal framework by saying it is good, but it is not disastrous. The main problem is implementation, and I believe that comes from a cost issue. I am not sure whether the Treasury should underwrite it or whether it should change the



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rules, so that law enforcement is not subject to the same cost issues, but it is for the law makers, not me, to decide who pays for what.

Q146 Chair: You will have heard the exchange with Mr Khodorkovsky about sanctions. If I summarise what I understood from his argument, it is that the main reason for not lifting sanctions on Russia is not about the effectiveness of getting Russia to behave differently, simply that it might arguably be seen as giving him a victory in seeing sanctions off. What do you think will happen if the European Union, perhaps with Britain no longer playing quite such an advocacy role for tough sanctions on Russia, decides not to roll over the sanctions again at the next principal opportunity?

William Browder: I agreed with Mr Khodorkovsky and most of the things he said today, but on sanctions, I have a slightly different opinion. People are saying that sanctions have not changed the Russians' behaviour, so they have not been effective. I would argue differently that the sanctions have absolutely changed the Russians' behaviour, but we have not seen that change in behaviour because it changes future behaviour and actions, not past behaviour and actions. In other words, if we hadn't imposed sanctions on the Putin regime for his actions in Ukraine, he would have gone a lot further into Ukraine. If we had not imposed sanctions, he might even have started to play around with the Baltics.

In my opinion, Putin is terrified of the sanctions, and I believe they are much more effective than Mr Khodorkovsky said. I believe they are causing him great problems both economically and reputationally. I also believe that anything we do to lift sanctions would effectively give him a green light to do some very terrible things. If you want to know what those terrible things could be, imagine if you lift the sanctions and there is no more problem for him to do the stuff he is doing, why wouldn't he start to toy with the Baltics—Lithuania, Latvia and Estonia. If he did that, we would have a real military crisis on our hands, and instead of just economic problems, we would have to decide whether we want to send British troops to fight Russia to protect our NATO allies. A pretty low-cost way of not having to answer that question is keeping the sanctions in place.

Q147 Chair: Are you concerned about how active the debate is now about rolling sanctions over? If you are and the United Kingdom remains resolute, what should the United Kingdom be doing to shore up the position of some of our allies?

William Browder: I think that the sanctions are extremely important and that the United Kingdom's position, which has been strong on sanctions, should remain strong. I think the people who at the moment are against the sanctions are the economically weak players who are members of the European Union. There is leverage one can use within the EU context as long as Britain remains in the EU.

I would take it one step further and argue that we have something very special here, and Mr Khodorkovsky mentioned it earlier. All the bad guys



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in the Putin regime like to come to London, send their kids to school in London and keep their dirty money in London. That gives us huge leverage. We were never in a geopolitical situation during the cold war with the Brezhnev Politburo having villas and mansions in Belgravia. This gives us a huge opportunity, which we should take advantage of. This is the Achilles heel. We should understand that their money and assets put them in a position whereby we can prevent them from coming here or from having access to those moneys or assets.

Q148 Chair: But if we are looking at the sanctions against individuals who have some influence on policy in Russia—say, the sanctions against named individuals in the Magnitsky Act—is there any evidence that, other than punishing them by taking away London as an agreeable destination, not allowing them to send their kids to school here or whatever the issues are, it actually changes any of their policy behaviour? Might it make their policy behaviour more rather than less aggressive? Is there any evidence kicking around out there about the effectiveness of personalised sanctions?

William Browder: First, what you have to understand about personalised sanctions is that every Russian in the regime is terrified of getting added to one of these lists. They might put on a brave face when they get added to the list, but behind the scenes, they are absolutely horrified and it completely changes their life. There is nothing worse than being sentenced to life in Russia, which is effectively what you do when you impose sanctions on them. In the case of the US Magnitsky list, there are now 39 people on the list. That is not that many, but the fact that the list is open-ended creates a great deal of terror.

The one thing I should say—on this I very much agree with Mr Khodorkovsky—is that I don't think the problems that we have between the UK and Russia are with the Russian people. There are 140 million decent Russian people and there's a million bad ones who are occupying the country and extorting and taking away the money from everybody else, and within that million there are probably 10,000 who have taken the lion's share of the money. So the great thing about targeted sanctions in the case of Russia is that you end up in a situation where you don't actually have to punish the people of Russia to achieve the very specific objective of effectively breathing terror into the minds of the people who are doing all these terrible things outside Russia. It's like a modern-day cancer drug. The old cancer drugs poison the patient, but now you can target the cancer cells exactly. Because these people have been in the business of stealing lots and lots of money from the Russian people, you can target them specifically where it actually hurts and it counts.

Q149 Chair: Can you give us an example, then, of how we should do that? Suppose we buy the proposition. How exactly should the United Kingdom go about making these sanctions effective? How should they be constructed in terms of what they are targeting?

William Browder: There are two basic lines of sanctions, and this is how it has existed before. There are the sanctions against Russia for its



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aggressive behaviour outside Russia, which is what the current sanctions are in place for. And then there are sanctions for Russia's horrible—I should say Putin and his regime's horrible—behaviour inside Russia. That doesn't exist today in the UK; it does exist in America with the Magnitsky Act. We are all saying to ourselves, "What can we do to stop this terrible stuff happening?" Well, we can certainly create consequences for further movement outside the country, and, as I said, I think those are working, but at the moment we are not doing anything to create an environment for any type of opposition or civil society inside Russia. They are basically being crushed in every different way, as Mr Khodorkovsky testified previously. We give them no support, but by sanctioning individuals inside the Putin regime who are torturing and killing inside Russia, who are killing opposition politicians and torturing—

Q150 **Chair:** I get that. My question was a more technical one. If we buy the proposition, how would we structure these sanctions? Are they just around travel? Are they around property?

William Browder: There are two simple things—three things, actually. You publicly name them by putting their names on a register; you freeze their assets here in the UK; and you ban their travel to the UK. It's those three things.

Q151 **Chair:** Turning to doing business in Russia, can you explain the relationship between business and politics in Russia when you were doing business in Russia, and can you give your assessment of what it is like now?

William Browder: When I was in Russia, it was what I called the wild east days of Russia. It was half during the Yeltsin era and half during the Putin era, and at that point it was chaos. I would describe it as disorganised crime. The idea was that it was going to go from horrible to bad, and as it became a more normalised country with rules and regulations, every Russian would be better off and business would be good, etc.

When Putin came in, my original hope, and many people's original hope, was that he was going to create some normalcy for the country and stamp out this craziness, this chaos. Instead of stamping out the chaos and getting rid of the disorganised crime, he created what I call organised crime, in which he is the mafia boss and the entire function of the Russian Government is to be a mafia organisation that works under him. When I say a mafia organisation, I mean that everybody who has a Government position uses it to extract money from the state or the businesses that operate in the country through regulation, fear of arrest or any other Government power they have.

I estimate that, since Putin came to power, the Putin regime—the 10,000 people around him—have stolen a trillion dollars from the country. I estimate that Putin is worth \$200 billion from his leadership of Russia.

Q152 **Chair:** When you were doing business there, how did you protect your businesses? Did you have to pay protection money? Did you pay



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protection money to the state, or did you pay it to organised crime organisations? Is there a distinction between the state and organised crime organisations? Give us a sense of what it is like to do business in Russia—you were there in the rather more chaotic days—and your assessment of what you would need to do now if you are a medium-sized business in Russia today.

William Browder: I never paid any protection money, and as a result of that, my businesses were raided, I was expelled from the country, my investment companies were stolen and the police used them to steal lots of tax money that I paid, and they murdered my lawyer, etc. I never mastered the system. I was good example of somebody who didn't participate in their ways of doing things, and therefore paid a very serious price.

The flip side for some people is to engage with the system—in other words, when the knock comes on the door, to pay the protection money—but the moment that those people pay the protection money, they are violating the laws of this country. They are violating the Bribery Act of this country. Effectively, by protecting your business, you are engaging in corrupt foreign practices. The trouble with Russia is that it creates an untenable situation: either you break the laws of this country to survive there, or if you choose not to break the laws of this country and run as an honest business person, you break the informal laws of their country, and then you get taken over and potentially imprisoned or even murdered.

Q153 **Daniel Kawczynski:** You made a claim just now that President Putin is worth \$200 billion, and you are implying that somehow he has misappropriated those funds. I understand that you are obviously concerned and emotional because of the death of your lawyer, but where do you get those figures from? Where is the evidence for that?

William Browder: You can build up a very clear trail of evidence, starting with the Sochi Olympics, which cost \$50 billion but only \$10 billion to build. You can add on the Gazprom pipelines, for which they charge five to 10 times the amount per kilometre to build than it costs their contractors.

Q154 **Daniel Kawczynski:** I understand that, but I am asking about the evidence. Where is the smoking gun on this? You are telling us some extraordinary things. What have you seen? Where are the documents that prove what you are saying?

William Browder: There are documents all over the place. There are documents if you read the United States Treasury website, where they describe the sanctions list. They will talk to you about Putin's bankers. Look at the Panama papers. Look at Putin's villa on the Black Sea and all the documents that surround that. The world is now full of documents documenting the corruption and embezzlement. In our case, in the Magnitsky case, we were able to trace some of the \$230 million to Sergei Roldugin, the cellist, Putin's best friend, who is worth \$2 billion according to the Panama papers. He actually got a cut, Putin got a cut, from the Magnitsky crime. He gets a cut from every crime.



Q155 **Ann Clwyd:** Are the political, judicial and economic systems operating in Russia capable of reform, in reality?

William Browder: All the institutions of Russia are a façade. There are no independent courts. The police are the ones committing the crimes. There is no law enforcement. There is no regulation. The Parliament does not oversee the Government. There is no independent press. The entire state is a façade of the normal functioning of civil society. Therefore, there are no constraints on Putin, who is this enormous mafia boss; he can do all the crimes he wants inside the country and he can take all sorts of crazy steps outside the country without any risk to his position, because he does not have to worry about the same things that any other world leader has to worry about. He does not have to worry about going to jail in his country. He does not have to worry about being impeached. He does not have to worry about being thrown out by the electorate, because the elections are all a fraud.

Q156 **Chair:** Is that entirely fair? Is it that extreme? When we went to Russia the human rights groups were very anxious that we should remain part of the European Court of Human Rights, saying that the legal process acted as some restraint on the operations of the Government as far as the human rights groups were concerned, that it was important that the United Kingdom should still be signed up to this because there are jurists and judges who are independent minded. There are presumably policemen and others trying to do their jobs in a way we would recognise as proper and they are part of the 140 million people you have just referred to. They are actually doing their best in the circumstances they are in and there is a system of law and a system of accountability. It might be some way short of satisfactory but it does provide some cover, does it not? There is a little bit of independent press. We spoke to an independent radio station. To say there is none is not quite the case, is it?

William Browder: I totally agree with the statement that Russia should stay in the Council of Europe, because doing so prevents them from reinstituting the death penalty, which would be a terrible travesty, given how bad the justice system is there. I can tell you, having been to court probably more than 100 times in Russia in different situations, including the situation where Sergei Magnitsky was put on trial three years after they killed him, in the first ever trial against a dead man, that perhaps in situations that do not matter the courts function, but in any situation that matters, that involves serious issues of crime, of real money, it is absolutely corrupt right down to the core.

Sure, there are some decent lawyers—I have some great Russian lawyers who fled from Russia many years ago and are here with me today, and I have Russian lawyers in Russia who try to do their best in a completely flawed system where the judges are corrupt, where they take instructions. It is hard to imagine. You look at these people in Russia and they look like us, but they do not act like us, because of the environment they are operating in. They might not even be bad people. A judge may be wanting to do right but they understand that if they do not act as they are told to



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act from the telephone call, they will lose their position and might get put in jail. There are people who have to protect their livelihoods and their own life by becoming engaged in the system.

Yes, they do have a few independent newspapers there but they are getting shut down one by one and self-censoring because all it takes is one bad article. The editor of *Vedomosti* did an article showing the \$70 million or \$80 million yacht that belonged to Igor Sechin, who is one of the great cardinals of the Kremlin and the head of Rosneft. All of a sudden she is out of a job. Guess what? The next head of *Vedomosti* newspaper is not going to do any articles about anyone who is close to Putin.

Q157 Mike Gapes: One of the last acts of David Cameron, a few weeks before his resignation as Prime Minister, was to host an anti-corruption summit here in May, which Russia did attend and made a number of pledges, based on a statement, a presidential decree of 1 April on anti-corruption work. Those pledges were made. Have they led to any practical steps by the Russian Government since then? Are they likely to lead to any practical steps to counter corruption in Russia or internationally?

William Browder: I would say that inviting Russia to the anti-corruption summit would be like inviting Pablo Escobar to an anti-drugs summit. It's the most ridiculous thing I have ever heard. Any pledge that Russia makes is of absolutely zero significance or value when it comes to this type of international situation. All it does is give them some legitimacy in a situation where they are some of the most bad actors in all forms of corruption in every different part of society. They cheat in sports; they do cyber-attacks; they cheat in business, in politics and at the United Nations. There is no area where they are not corrupt.

Q158 Mike Gapes: So the presidential decree is not worth the paper it is written on, or is it worse than that?

William Browder: I would say it is worse than that. The fact that they were even inviting them to a summit like this, when we should be having summits about how to punish them for their bad actions, gives them the legitimacy of being a member of the club, when they are not a member of any club fighting corruption.

Q159 Daniel Kawczynski: You talked about the Russian people and how good they are, which I agree with you on. That is one thing I do agree with you on; the Russian people are very good people. We met with quite a few British companies when we were in Moscow that are still operating in that jurisdiction. In terms of British companies seeking to do business in Russia, joint-venture operations with Russian counterparts, what advice would you give them, despite your obvious antagonism towards the Russian Government? What advice would you give to British companies seeking to work and operate in Russia?

William Browder: I would say, "Don't; don't work and operate in Russia." I would say that doing so creates incalculable risks, not just financial risks but risks of false imprisonment and possibly murder of your employees.

I don't say that lightly or emotionally. I say that with evidence and information. As a high-profile victim of the Russian Government, I am approached multiple times a week by Western companies that have run into trouble in Russia. I cannot think of a scenario where any company that is there has not had serious problems; the kinds of problems that you cannot imagine in any other country.

Even BP. Bob Dudley, who is now the CEO, had to go into hiding for nearly a year after he fell out with his Russian partners at one point in his joint venture there. This is a place that is not suitable for business for any normal civilised person.

Q160 **Daniel Kawczynski:** I presume your company, Hermitage, is no longer operating in any way in Russian jurisdiction.

William Browder: In no way.

Daniel Kawczynski: Thank you.

Chair: Mr Browder, thank you very much. You have given us written evidence, and thank you very much for the way you have answered our questions this afternoon. If you think there are things you would have wanted to get across to us, it remains open to you to give us further written evidence to inform our inquiry. Thank you very much indeed.

Examination of witness

Witness: Mikhail Khodorkovsky, Open Russia.

Q161 **Chair:** I hope the interpreter is ready for another bash. Mr Khodorkovsky, now that you are back, is there anything you have just heard in the evidence from Mr Browder that you would want to comment on?

Mikhail Khodorkovsky (Translation): I am very respectful of Mr Browder's positions, and I believe that what he has done to commemorate the memory of Mr Magnitsky has been very beneficial to many people in Russia who, like Magnitsky himself, are victims of arbitrary rule.⁶⁶ I was in prison at the moment when Mr Browder was active in that respect and it was very obvious that people were less inclined to beat people in prison.⁶⁷ Thanks to his efforts, I think many people actually survived.⁶⁸ Nevertheless, it seems to me that to some extent Mr Browder is generalising more than necessary, projecting his opinions about the Kremlin on the whole of Russia.⁶⁹ We have, after all, 140 million people in Russia and far from all of them are like Putin and his inner circle.⁷⁰

⁶⁶ MK: I respect Mr Browder's position, and I believe that what he has done to defend the memory of Mr Magnitsky has been beneficial to many people in Russia who, like Magnitsky himself, have been victims of arbitrary rule.

⁶⁷ MK: At any rate, I was in prison after all at the moment when Mr Browder was engaged in the fight and it was very noticeable that in the prisons they had started to be more afraid of beating people, more afraid of abusing people.

⁶⁸ MK: Thanks to these efforts, many people managed to stay alive.



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When it comes to talking about the judicial system, which Mr Browder had some experience of, as I have had as well, for the most part in quantitative terms the system investigates quite properly.⁷¹ The problem is that the judicial system in Russia is like the surgeon who operates more or less normally but 10% of the patients, on the orders of the official surgeon of the country, are simply murdered.⁷² But in terms of the other 90%, everything is okay, as it were.⁷³

Q162 Ann Clwyd: That moves us on to the headings of democracy, human rights and the rule of law. I wondered if you could give us an idea of the current state of democracy, human rights and the rule of law in Russia

Mikhail Khodorkovsky (Translation): It is very easy to reply to your question.⁷⁴ No. There aren't any human rights. Of course, the situation is a bit more complex than that. But I agree with what Bill Browder said about a significant part of society and all state institutions in Russia only look as if they resemble the institutions in, for example, Great Britain that are parallel ones.⁷⁵ There is in fact no real resemblance.⁷⁶ When they talk about the Attorney General or the Prosecutor General, it is not a Prosecutor General.⁷⁷ When they are talking about a court, it is not a court.⁷⁸ Even though the majority of the court's business is conducted properly, it is not really a court, it is a person responsible for punishing.⁷⁹

⁶⁹ MK: Nevertheless, it seems to me that to some extent Mr Browder is generalising somewhat more than necessary, projecting the feeling he gets from the Kremlin regime onto the whole of Russia.

⁷⁰ MK: There are, after all, 140 million of us and far from all of us are like Putin and his inner circle.

⁷¹ MK: In particular, if we're talking about the judicial system, which I myself have suffered quite a bit from, quantitatively speaking the judicial system investigates the greater part of cases fairly enough.

⁷² MK: The fact is that the judicial system in Russia is like the surgeon who operates more or less normally but 10% of the patients, on the orders from somewhere or other, from the head doctor, she simply butchers.

⁷³ MK: But everything's fine in terms of the other 90%.

⁷⁴ MK: It is easy to answer your question.

⁷⁵ MK: I agree with Mr Browder when he said that a significant part of society's institutions and all state institutions in Russia only appear to resemble what all these names mean here, for example, in Great Britain.

⁷⁶ MK: In fact their substance doesn't correspond [to their names].

⁷⁷ MK: When they talk about a prosecutor, this is not a prosecutor.

⁷⁸ MK: When they talk about a judge, this is not a judge at all.

⁷⁹ MK: Even though he hears the greater part of his cases normally, he is nevertheless not really a judge, but a state employee who imposes punishment.

When we talk about NGOs or non-commercial organisations, it is not exactly the same thing as what we understand here by NGOs. In the majority of cases, it is in fact state non-commercial organisations.⁸⁰ Putin is very efficient in corrupting not only people, but whole organisations. I would say en passant that this is the case, unfortunately, not only in Russia but beyond the confines of Russia.⁸¹ In spite of that, Russia increases the number of those people who are in public activity every year.⁸² Out of self-survival considerations, they are not actually involved in political activity.⁸³ They distinctly mark off the distance between themselves and the political authorities.⁸⁴ But the number of those kinds of people, including human rights activists, is increasing.⁸⁵

For example, there has recently been a huge explosion of activity in Russia. There are many organisations trying to plug into this wave of indignation.⁸⁶ The problem with the UK and Russian society in this respect is that there is very little communication between us.⁸⁷ Let me give you an example of that: it is really not so difficult for an entrepreneur or businessman to get a visa to the UK. I don't think that a Government civil servant finds it so difficult either.⁸⁸ If you are recorded or registered as a civilian activist, then you will have huge problems.⁸⁹ It is as if you were being looked at through a magnifying glass, and it will take an enormous amount of time for you to achieve anything.⁹⁰ The problem also is that the

⁸⁰ MK: When they say that non-commercial organisations—non-profits—are not quite non-commercial organisations, but more like state non-commercial organisations for the most part.

⁸¹ MK: Putin is very efficient in corrupting not only people, but whole organisations as well, and unfortunately he maintains this trademark not only in Russia but beyond it as well.

⁸² MK: In spite of that, the number of people in Russia who are truly engaged in civic activity is increasing with each passing year.

⁸³ MK: Out of considerations of self-preservation they don't engage in political activity.

⁸⁴ MK: They intentionally emphasise the distance between themselves and political freedoms.

⁸⁵ MK: But the number of people who are involved in, among other things, human rights, is increasing.

⁸⁶ MK: You could see now from the example of Dadin the virtual explosion of indignation that there was in Russian society when they found out about torture. And it turned out that there are many structures that are prepared to get involved in this process.

⁸⁷ MK: The problem with Great Britain in respect to this question for Russian society is that there is very little communication between us.

⁸⁸ MK: Let me give you an example. It is not so difficult for an entrepreneur to get a visa to Great Britain; I don't think that it's very complicated for a government civil servant either.

⁸⁹ MK: But if you are listed as a civic activist, you're highly unlikely to have any success.

price of getting a UK visa for a Russian civil society activist is huge and far too much.⁹¹ I, for example, living here, a resident in the UK, and working as a rights activist, have to make an application through a continental power.⁹²

Q163 **Ann Clwyd:** Mr Gethins, who had to leave, and apologises for it, wanted me particularly to ask you about three groups in civil society: Soldiers' Mothers of Russia, LGBT groups and the rule of law group. Do you have any information on any of those?

Mikhail Khodorkovsky (Translation): All I can say is that the current regime impacts on society so as to make sure that society shows intolerance to any kind of minority or any such phenomena.⁹³ I do not think that given that kind of general policy, there can be any kind of exception.⁹⁴ Any minority is suppressed.⁹⁵ I do not agree with that, of course, but you will not agree with the definition of democracy that Putin gives us.⁹⁶ Putin is absolutely convinced that democracy is about the minority harm being subjected to the majority. This has been uttered by him on a number of occasions, and of course this gives rise to a number of problems.⁹⁷ Many people belonging to those groups are obliged to go abroad, emigrating to here, the UK, and to many other countries as a result.⁹⁸

Q164 **Ann Clwyd:** Is UK support for a person or group likely to attract unwelcome Russian Government attention?

Mikhail Khodorkovsky (Translation): These days, by virtue of state propaganda efforts, public opinion in Russia is such that any kind of public support for any kind of minority group, whether it by the Government of the UK, the US or any other Western country, will be seen negatively in

⁹⁰ MK: The problem is like the problem that it's like you're being looked at through a magnifying glass, and this takes a lot of time.

⁹¹ MK: The problem also is that the cost of getting a British visa for a Russian civic activist is very high; it's simply unaffordable.

⁹² MK: I, for example, living in Great Britain and working with civic activists from Russia, need to choose one of the most [inaudible].

⁹³ MK: What I can say is that the current regime influences society so as to make sure that there is intolerance in society for any kind of alternative thinking and, correspondingly, to any minority.

⁹⁴ MK: I do not think that any exceptions are possible given that kind of general policy.

⁹⁵ MK: Any minority at all is simply suppressed here.

⁹⁶ MK: I myself do not agree with that, and I think that you too will not agree with the kind of definition that Putin gives democracy.

⁹⁷ MK: Putin is convinced that democracy is about the minority having to submit to the majority—he has said this on numerous occasions. This gives rise to a host of problems.

⁹⁸ MK: In particular, many people belonging various kinds of minorities are forced to leave Russia for Great Britain and other countries.



public opinion.⁹⁹ I hope that this situation will not prevail forever, but that is what it is like today. On the other hand, real, genuine support can be expressed in less public guises or forms.¹⁰⁰ I have spoken about this, particularly with regard to the possibility of organising conferences here in the UK for minority groups, and I have been looking at this whole problem over the past couple of years. I do not think that the Russians took part in a single major conference in 2014, apart from those in which the Kremlin was involved.¹⁰¹ That is not correct or proper, and I think that here we might actually effect some change.¹⁰²

Q165 Daniel Kawczynski: I find your evidence much more balanced than that of the previous gentleman we had in front of us. Thank you for being so open with us. You say that there are no rights in Russia. When we visited Moscow as a Committee, we met with dissidents. We met with somebody who had been highly critical of President Putin on the radio. Can you nuance your answers to us? Surely, you must accept that some rights exist for the people to be vocally critical of the Government in Russia?

Mikhail Khodorkovsky (Translation): Without doubt, in Russia there are people who are critical of the regime.¹⁰³ Moreover, they are not all in prison. I can even say that some of them, including myself, from time to time are given the possibility of addressing public opinion.¹⁰⁴ That is one thing. Another though is that these people are not really able, on a broad base, to address public opinion.¹⁰⁵ If the support that is given to them is a bit more than the regime thinks is necessary, then very harsh sanctions are enacted against them.¹⁰⁶

⁹⁹ MK: I think that these days, through the efforts of government propaganda, public opinion in Russia has been turned in such a way that any kind of support for any kind of group on the part of the Government of Great Britain or the United States or another Western country will be received negatively by public opinion.

¹⁰⁰ MK: On the other hand, real support can be expressed in not such a public sphere.

¹⁰¹ MK: I have spoken about this, particularly from the point of view of the possibility of people to meet with each other right here in Great Britain and to conduct conferences here. I would like to bring to your attention, I actually took a look at the past couple of years; probably since 2014 not a single major conference or other event with the participation of Russians has taken place in Great Britain, apart from those that were held with the participation of the Kremlin.

¹⁰² I don't think that's right, and it seemed to me that something could be changed here.

¹⁰³ MK: Without doubt, in Russia there are people who have a critical attitude towards the regime.

¹⁰⁴ MK: I can even say that some of them, including myself, from time to time are given an opportunity to appeal to public opinion.

¹⁰⁵ MK: It is another matter that there is extremely close monitoring of just how broadly these people are able to appeal to public opinion, how broad the support they acquire is.

¹⁰⁶ MK: And if this support is a bit broader than the regime thinks it can allow itself, then very harsh sanctions immediately ensue.



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Let me give you an example. Recently, there were legislative assembly elections to the Russian Duma.¹⁰⁷ I stated that I supported the participation of young politicians—opposition politicians—in these elections and I supported 20 such people.¹⁰⁸ As you can imagine, that is a very small number. Moreover, these were very young people who certainly did not have the best chance of winning, even if the elections had been organised in an honest way.¹⁰⁹ If the elections had been honest, of the 20, three or four would have become members of the Duma, but the results were very limited and it was clear how.¹¹⁰

But that is not really the nub of the question.¹¹¹ The elections are over. As of today, more than 10 of the people working with me, or who worked with me before in Russia have been summoned for questioning by the investigative committee.¹¹² They are being questioned about how they actually supported these candidates; how I supported them; whether it was personally. I, as a Russian citizen, actually had the right to do that but, nevertheless, they are being asked about that in the investigation. They are being intimidated so that next time they think twice about whether or not they should participate in the elections or the election campaign.¹¹³

That is how it all works, so it is a bit more difficult—more complex—to give a proper answer to your question.¹¹⁴ Yes, it is true that some of the opponents are given a voice, but they have to have a very, very low voice.¹¹⁵

¹⁰⁷ MK: Very recently, there were State Duma elections in Russia.

¹⁰⁸ MK: I declared that I would support the participation of young politicians who opposed the regime in these elections. I supported 20 people.

¹⁰⁹ MK: Moreover, these were young people who certainly did not have the best chances of winning, even if the elections had been conducted honestly.

¹¹⁰ MK: Well, if the elections had been honest, then three to five of the twenty would have gotten in. Now their result has been severely limited, and it could be seen how this is done.

¹¹¹ MK: But even that is not really the nub of the question.

¹¹² MK: As of today, already more than 10 of the people who worked with me in Russia have been summoned for interrogation by the Investigative Committee.

¹¹³ MK: They are being worked on in an effort to find out how I provide support for these candidates, although I provide the support publicly and in an understandable manner and, as a Russian citizen, I have the right to do this. Nevertheless, they are using the summonses to interrogations at the Investigative Committee and body searches of people for intimidation, so that they would think twice before they participate in the next elections or someone's election campaign.

¹¹⁴ MK: That is the technology of how they work, so the answer to your question is a bit more complex.

¹¹⁵ MK: Yes, the power does give its opponents a small voice, but no, if this voice becomes a bit louder than what the power feels it can allow itself.

If they raise their voice just that little bit, they are cut off with the assistance of the entire state machinery.¹¹⁶

Q166 **Chair:** Before I come to Mr Rosindell, I would just like to ask you a question that relates to the work you have done on supporting these candidates in the last election. The clear tenor of your evidence to the Committee outlines quite a reasonable strategy for engaging with the 20 to 40 age group in Russia, which should be where the United Kingdom is making its efforts, given how difficult it is to deal with the Government. How do we make that work? Practically, how is the United Kingdom to engage, on whatever basis, with the target group that you are advising us to try and reach in Russia? How should we do this?

Mikhail Khodorkovsky (Translation): I believe that this kind of work has been actually carried out in previous years—competitions, conferences, awarding grants to various institutions, for example. You can do it through meetings at the level of public organisations, including meetings to transfer experience, for example.¹¹⁷

My organisation is Open Russia and we are doing that on a continuous basis and we are doing it as much as we possibly can to the utmost of our abilities.¹¹⁸ I think that, if more effort were deployed in this kind of area, and not just by us, the result would be conspicuous and significant.¹¹⁹

I would just like to say here that, in the Baltic states and in Germany, they are not that much more active but they are a little more active.¹²⁰ I would very much hope that the same were done in the UK, because the level of experience and understanding the UK has of what is happening in Russia is, I think, more about an older generation.¹²¹ I would say that there are a lot of people who are doing this kind of work who are now over 70, but time does not stand still and we don't get any younger.¹²²

¹¹⁶ MK: All the machinery of the state will be put into play to make these opponents' heads fly.

¹¹⁷ MK: Yes, I believe that this kind of work has been effectively carried out in previous years—everything from competitions to conferences, awarding scholarships for higher education studies, and meetings at the level of civic organisations, including meetings to transfer experience.

¹¹⁸ MK: I created the Open Russia organisation and we are doing all this as much as we are able to.

¹¹⁹ MK: And it seems to me that, if a lot of effort were put into this direction, the result would be noticeable.

¹²⁰ MK: I would like to say that in this regard the Baltic countries and Germany are more active, although perhaps not by much.

¹²¹ MK: It seemed to me that this would be important, and for Great Britain as well, because that level of understanding of what is happening in Russia that Great Britain among others used to have applies to an older generation.

¹²² MK: I would say that the understanding of Russia that people in Great Britain who are now well over 70 have is greater than that of those who are 40 and under today. Yet

Q167 **Andrew Rosindell:** Do you feel the current political, legal and economic system in Russia is capable of reform and, if so, how would you bring that about? In what way can it be reformed?

Mikhail Khodorkovsky (Translation): On that subject, we have been having lots of discussions with Alexei Kudrin—the former Minister of Finance of Russia, by the way—who together with a number of his colleagues believe that it is possible to implement economic reform in Russia, irrespective of political reform.¹²³ I disagree with that; I do not believe that is possible.¹²⁴ I believe that the monopolisation of the political market and the monopolisation of the economic—Well, you can see from the published data that the Russian state actually owns 70% of the Russian economy.¹²⁵ Rosneft is expanding more and more.¹²⁶ Its rivals are being eaten up and all these processes are leading to one main problem, or one main issue—Putin’s desire to maintain himself in power.¹²⁷

The strategy of some kind of soft withdrawal from power is simply not on at the moment.¹²⁸ What has been happening in Ukraine is a big brake on Putin ever withdrawing from power. Look at the competition in economics, for example—the economy. Any kind of withdrawal of economic power from his inner circle is a threat to him.¹²⁹ The independence of the judiciary is immediately another threat.¹³⁰ The independence of the media is a threat to his political power.¹³¹ The independence of local government or regional power is immediately perceived as a threat to his personal

time does not stand still and the country is changing.

¹²³ MK: Alexei Kudrin and I have been having a long-distance targeted discussion on that subject. He’s the former Minister of Finance of Russia, who, together with a number of other like-minded people, believes that it is possible to implement economic reform in Russia separately from political reform.

¹²⁴ MK: I do not think that.

¹²⁵ MK: I believe that the monopolisation of the political marketplace and monopolisation in the economic sphere... Well look, as of today the Russian state directly or indirectly owns more than 70% of the Russian economy.

¹²⁶ MK: Rosneft is a state company that has been grabbing up more and more bits of competitive firms in years past.

¹²⁷ MK: Now, all these processes are tied to one main problem, and this is Putin’s desire to stay in power, to the fact that when he returned after 2011, he did not have a strategy for a quiet way to leave power.

¹²⁸ MK: He doesn’t have such a strategy. After what happened among others in Ukraine, he’s afraid, perhaps rationally so, of leaving power.

¹²⁹ MK: Just look: competition in the economy, a slipping away of economic power from his inner circle—this is a threat to his political power.

¹³⁰ MK: An independent judiciary—this is straight away another threat to his political power.

¹³¹ MK: Independent mass media—this is a threat to his political power.

power because it is precisely thanks to the people he put there that he is maintained.¹³²

I believe, to my deepest regret, that without political reform, no other strategic reforms are possible, including internationally.¹³³ For example, what is the West as an ally?¹³⁴ If it were a real ally, we would have to have the same common values and how can a common value be maintaining yourself in power for ever?¹³⁵ I think, to my great regret, as I said, that until such time as the regime is replaced—that will certainly happen sooner or later, for ill or for good—there will be no strategic changes at all.¹³⁶

Q168 Andrew Rosindell: So is it your view that it is impossible for Britain to have normalised relations with Russia until those reforms take place, or the regime changes? Is there any way we can, in between that, normalise relations, for the greater good of both countries?

Mikhail Khodorkovsky (Translation): We must certainly have dialogue. That is essential.¹³⁷ We must have trade, and co-operating in the softer areas of science, education, culture and so on is necessary.¹³⁸ It will enable you, when the regime changes, not to waste five years looking for different solutions and competition.¹³⁹ But you cannot kid yourself that you will bring in any measure that will lead to a radical improvement of the situation with the current regime. That would simply be a mistake. It would be erroneous. It is not in line with the challenge of today because there are no institutions.¹⁴⁰ When you actually speak to someone in Russia, you are just speaking to an individual.¹⁴¹ There is no institutional

¹³² MK: Independent local self-administration or regional power—this is straight away a threat to his power because it is with the help of these people that elections are falsified.

¹³³ MK: Most regrettably, without political reform, no other strategic reforms are possible, including reform in the area of international relations.

¹³⁴ MK: Because, once again, what is the West-as-an-ally?

¹³⁵ MK: It means that we've got to have common values. But what kind of common values can there be if our value is to stay in power for ever?

¹³⁶ MK: I think, to my great regret, that until such time as the regime is replaced—and this will happen sooner or later, for ill or for good—there aren't going to be any strategic changes.

¹³⁷ MK: I think it is essential to maintain a dialogue.

¹³⁸ MK: I think it is essential to conduct trade. I think that co-operating in the soft directions such as science, education, and culture is essential.

¹³⁹ MK: This will enable you, when the regime does change, not to waste opportunities that will then open up.

¹⁴⁰ MK: But to try and convince yourself that you can accomplish anything that could lead to a radical improvement in relations with the current regime in Russia would be a mistake and the wrong objective, because there are no institutions.

¹⁴¹ MK: When you speak [to someone in Russia], you are speaking to one person.



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support and each individual is unpredictable.¹⁴² You will have no predictability.¹⁴³ It may well be that the man you are talking to in Russia is of a positive opinion, but tomorrow he may be of a negative opinion.¹⁴⁴ So how can you build a strategic relationship on the basis of one individual?¹⁴⁵ Or perhaps I do not understand what strategy means—I don't know.¹⁴⁶

Q169 **Ann Clwyd:** I was part of an observer mission to Russia during the first elections in 1990 and 1991. The memory I have of that occasion is that, as part of our mission, we made a report at the end and our criticism was of the fact that you could buy television time, if you were a candidate, if you had the money. Is that still the case? Secondly, it was our first visit to Russia and the warmth and friendship of the Russian people was something we will always remember—ordinary Russian people. Putin will not last forever. Who might take his place—are there any names in the ring?

Mikhail Khodorkovsky (Translation): Today, it is impossible for me to tell you whether or not some specific individual will come after Putin, because if it depends on Putin, this will be decided at the very last moment—at the 11th hour.¹⁴⁷ If it doesn't depend on Putin, then it is very difficult to predict that, as of today.¹⁴⁸ But what I would say is that I wouldn't be too apprehensive about what will happen after Putin.¹⁴⁹ The probability of a complete madman coming to power in Russia who is prepared to unleash global war is not on.¹⁵⁰ Russia is, in general terms, after all a European country with an ageing population. We do not have in our society any kind of huge striving to expand territory, for example.¹⁵¹

¹⁴² MK: There is no institutional support for decisions. But it's a human trait to change one's opinion.

¹⁴³ MK: You still won't have any predictability in your relations.

¹⁴⁴ MK: They may be good today, but bad tomorrow, depending on nothing more than a person's mood.

¹⁴⁵ MK: So what kind of strategic relations can you build on the basis of one individual's moods?

¹⁴⁶ MK: Or perhaps I don't understand something about matters of strategy—I don't know.

¹⁴⁷ MK: Today, it is impossible to say for sure what the name of the person will be who comes after Putin, because if this is going to depend on Putin, he's going to decide at the last second.

¹⁴⁸ MK: If this is not going to depend on Putin, then it is altogether difficult to predict as of today.

¹⁴⁹ MK: But I wouldn't get worried about what will happen after Putin goes.

¹⁵⁰ MK: The probability of a complete madman who is prepared to unleash a global war coming to power in Russia is zero.

¹⁵¹ MK: We do not have in our society any kind of yearning for an explosive expansion of territory.



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People are not prepared to sacrifice or lay down their lives for that kind of thing.¹⁵² The probability of the person replacing Putin being even less predictable than him is, again, zero, because Putin is absolutely unpredictable.¹⁵³ You cannot, for example, today predict whether he will unleash some war in the Baltics.¹⁵⁴ You just can't say it; you can't predict it. You cannot predict that there won't be some kind of oil or gas blackmail deal going on. On such key questions, if they are so unpredictable, what could be more unpredictable than that?¹⁵⁵

When it comes to what we and the new generation in Russia would like, of course, we would like not some kind of new Putin to follow Putin but an institutionalised system.¹⁵⁶ Our president has supra-presidential powers, and we believe that that must be completely done away with.¹⁵⁷ We need presidential governance. We need a Parliament.¹⁵⁸ We have an independent judiciary and we need an independent media.¹⁵⁹ That is what we are trying to get.¹⁶⁰ As representatives of an old parliamentary democracy, your experience in that would be very useful if there were more contact between the British Parliament and Russian civil society groups. That would be very useful and helpful.¹⁶¹

Q170 Mike Gapes: Can I take you back to the late 1990s and early 2000s and ask you to comment on the contrast in the relationship between the Russian state and the oligarchs at that time and what it has become now? I am interested to know your thoughts on that period when Putin was

¹⁵² MK: People are not prepared to lay down their lives for that kind of thing.

¹⁵³ MK: The probability of the person replacing Putin being even less predictable than him is, again, zero, because Putin himself is absolutely unpredictable.

¹⁵⁴ MK: Today, for example, you cannot predict whether he will start some kind of war with the Baltics.

¹⁵⁵ MK: Today you cannot say that there won't be some kind of new gas blackmail tomorrow. You cannot predict any of this. So if the current head of the Kremlin is so unpredictable concerning such key questions, what could be more unpredictable in the future?

¹⁵⁶ MK: Now, if we're going to talk about what we, the new generation in Russia, would like, we would of course like not some kind of new Putin to come in Putin's place, but an institutionalised system.

¹⁵⁷ MK: See, we've got a super-presidential form of power, and we believe that that must be completely done away with.

¹⁵⁸ MK: We need presidential/parliamentary rule.

¹⁵⁹ MK: We need an influential parliament, we need an independent judiciary and we need independent mass media.

¹⁶⁰ MK: That is what we are going to try and achieve.

¹⁶¹ MK: And you, representatives of what is probably the world's oldest parliamentary democracy, you and your experience would be very useful if contacts between British and Russian society were more popular than they are today.



just coming to power and the position that he has and the relationship between the state and the oligarchs today?

Mikhail Khodorkovsky (Translation): To my great regret, Western society is suffering from a myth about the influence of the major business of oligarchs in the pre-Putin period.¹⁶² This myth is very considerably the fabrication of Boris Berezovsky and his own personal objectives.¹⁶³ He was a very successful proponent of public relations, and he was very good at selling this myth.¹⁶⁴ To imagine that at the end of the '90s and at the beginning of this century an oil company could get a huge subsidy from the Government is absolutely not on, whereas now Rosneft makes regular applications for such subsidies.¹⁶⁵ To imagine that, when you buy an oil company, you could get law enforcement support not on a private basis but on a state basis was unimaginable at the turn of the century, but we can see exactly that happening now with Rosneft. It is not right to say that those people who represented major business then and the people who do it now enjoy the same kind of influence or opportunities.¹⁶⁶

What has changed now? At that time, major big business tried to acquire the property it did in order to profit.¹⁶⁷ We can discuss how fair or legitimate privatisation was at that time, but it was about personal property, whereas today the inner circle of Putin is not involved in trying to acquire any kind of property for itself, but it is enjoying the possibility of transferring it to the state and taking on the governance of that sector. You can say that Putin does not have anything concretely, but he gets \$13 million a month, I think, or such is the rumour, from managing these things.¹⁶⁸ What I am trying to say is that we are today talking about using

¹⁶² MK: Most regrettably, there is this myth in Western society about the influence that big business wields, the so-called oligarchs during the pre-Putin times.

¹⁶³ MK: This myth was in large part created by the hands of Boris Berezovsky for his own personal commercial objectives.

¹⁶⁴ MK: But he turned out to be an exceptionally successful specialist at public relations, and was able to "sell" this myth.

¹⁶⁵ MK: To imagine at the end of the 1990s and at the beginning of the 2000s that an oil company could get a subsidy from the state budget is completely unrealistic, whereas today Rosneft makes such requests quite regularly.

¹⁶⁶ MK: To imagine that, when there is one oil company being purchased, another process of transferring matters [sic] is going to be implemented by way of bringing law enforcement structures into the oil company being bought, and moreover not at the private level but on the state level, was absolutely impossible. Now, when Rosneft is buying Bashneft, we can see it. That is, you can't say that those people who represented big business then and [the people who represent] big business now enjoy identical influence and identical opportunities.

¹⁶⁷ MK: Back then, big business tried to use the property it had gotten or had created to extract profit.

¹⁶⁸ MK: We can discuss how fairly or unfairly the privatisation had been carried out back then, but this was work with their own property, which they had acquired. Today Putin's inner circle is not trying to acquire any kind of property for itself to own. It is perfectly

the state to ensure that money from the taxes of the Russian people go straight into the state and into the pockets of Putin's entourage.¹⁶⁹

Q171 **Mike Gapes:** Why do you think that you specifically, rather than other senior business figures at that time, were targeted by Putin's Russian state? Was it because of your political views, or was it for other reasons?

Mikhail Khodorkovsky (Translation): Representatives of the Russian Government have spoken about that on a number of occasions, and political scientists around the Kremlin have also commented on it. It is absolutely obvious.¹⁷⁰ They said that what they could not forgive me was supporting Russian opposition at that particular time.¹⁷¹ Putin perceived, and still does perceive, the independent financing of his opponents as a main target.¹⁷² He believes—I think to some extent this is true—that without money, it is very difficult to conduct any kind of independent business activity.¹⁷³ What he tried to do right from the very beginning was to show that nobody has the right to fund any kind of independent political force without his approval, and that is what I did.¹⁷⁴

Q172 **Mike Gapes:** Does that mean that to be a successful businessman or an oligarch today, you have to effectively support Putin? Are all the Russian oligarchs necessarily supporters of Putin today?

Mikhail Khodorkovsky (Translation): I don't know of many of the major businessmen now or anyone who would reject a request from the Kremlin, whether that is a request to fund a pro-Kremlin party or to refuse some other kind of funding for a different kind of party.¹⁷⁵ It could be

happy to get this property transferred to the state and then to go ahead and manage it. Take that same Sechin. What does he own, formally speaking? Nothing. Yet factually, his salary hasn't been refuted—30 million dollars a year.

¹⁶⁹ MK: And this is just the tip of the iceberg. What I am trying to say is that what we have today is the use of the state as a tool for siphoning state budget money from the pockets of citizens into the pocket of Putin's inner circle. And it is this that is probably the main difference.

¹⁷⁰ MK: Representatives of the Russian Government have spoken about this subject on numerous occasions, and political scientists close to the government have also spoken about it on numerous occasions. Everything is absolutely obvious.

¹⁷¹ MK: They have told me that what they could not forgive me was supporting the Russian opposition at that moment.

¹⁷² MK: Putin perceived, and still does perceive, that the main target is the independent funding of his opponents.

¹⁷³ MK: He believes—and in a certain sense this is actually true—that without money, it is difficult to conduct independent activity.

¹⁷⁴ MK: And what seemed to him to be essential to do right from the start was to show everyone that nobody has the right to fund political forces that are independent of him without the Kremlin's approval, without his own personal approval. And that is what I was doing.

¹⁷⁵ MK: I don't know of the existence of a single large entrepreneur today who would



approving the funding of some kind of media or the rejection of a funding proposal.¹⁷⁶ Let me give you one example: Alexander Lebedev.¹⁷⁷ Maybe he will not agree with me, but in my view, the main problem he had was his funding of a new oppositional newspaper.¹⁷⁸ Another example is Mikhail Prokhorov.¹⁷⁹ My personal opinion is that a lot of pressure was put on him to stop funding a media system called RBK.¹⁸⁰ There are lots of examples of that kind of thing. My answer is that I don't think there is a single big businessman in Russia today who would not toe the Kremlin line if it applied to him—and it does apply to them; don't worry.¹⁸¹

Q173 **Mike Gapes:** So they all fear Putin. Is that correct?

Mikhail Khodorkovsky (Translation): I am absolutely convinced that you are categorically right and any person who did not actually want to go into that kind of agreement with Putin would have left and has left Russia.¹⁸²

Q174 **Mike Gapes:** Does that mean that Putin also potentially fears them and that they could be drivers of reform and change? Or are they all complicit and not going to be the drivers of change?

Mikhail Khodorkovsky (Translation): If, suddenly, among this group of people there emerged one with the degree of bravery necessary to resist the present regime, I am not actually sure that, if they took on that regime, they would actually be successful. They might be imprisoned or shot.¹⁸³ But Putin certainly did have difficulties with some of them.¹⁸⁴ Unfortunately, the people who were prepared to risk things are no longer in Russia.¹⁸⁵

refuse to carry out a request from the Kremlin, whether this be a request to fund some Kremlin party or, on the contrary, to not fund some other political force.

¹⁷⁶ MK: This request could be to fund some kind of mass media outlet or to not fund some mass media outlet.

¹⁷⁷ MK: Let me give you one example: Mr Alexander Lebedev.

¹⁷⁸ MK: Maybe he will not agree with me, but in my opinion, significant problems in his life were associated with his funding of the opposition Novaya gazeta [newspaper].

¹⁷⁹ MK: A second example is Mikhail Prokhorov.

¹⁸⁰ MK: To my view, palpable pressure was put on him—this is my opinion—in order to get him to stop funding an independent media system called RBK. Et cetera.

¹⁸¹ MK: Which is why my answer to your question is “yes”, I don't know, and to my view there isn't a single truly big businessman in Russia right now who would not help out the Kremlin if the Kremlin were to ask for such help. And it certainly does ask.

¹⁸² MK: I am convinced that you are absolutely right and that anyone who did not want to go for that kind of deal has left and has sold his business.

¹⁸³ MK: If these people suddenly found enough bravery to jointly resist the present regime, I am not sure they would be able to handle the current regime, because Putin, in my view, is prepared not only to lock people up in jail, but to shoot at them as well.

¹⁸⁴ MK: But in any case things would get complicated for Putin.



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Chair: Mr Khodorkovsky, there is more question which arises out of the visit the Committee has just undertaken to Ukraine.

Q175 **Daniel Kawczynski:** I know that this may not be your area of specialisation, but I want you to answer as a Russian, as a Russian man. We get, in my view, very one-sided analysis of the crisis between Ukraine and Russia in Donetsk and Luhansk in our media. What is the reality of the conflict between Ukraine and Russia? Is there equal blame on both sides?

Mikhail Khodorkovsky (Translation): Well, we are not talking about Crimea, I take it; we are talking about the present conflict, yes? So, when it comes to what is going on in Donbass and Luhansk provinces, all I can say is that I was there just before these events broke out—in fact, just one week before it became a hot point—and I met many of those people who actually seized the district offices in Donbass.¹⁸⁶ They were not the people who actually seized Slavyansk, but they were, believe me, people who were in direct contact with the Kremlin Administration, who received instructions from the Kremlin Administration and, in particular, as regards their behaviour with me.¹⁸⁷ So they did not agree to seize me on the spot because they had not actually received those instructions yet.¹⁸⁸

At that time—and I am absolutely sure about this; it was a week before the heated part of the conflict—Putin had not actually taken the decision about future events in the east of Ukraine, but he was preparing the forces that were going to be involved, particularly with regard to the FSB, and they were particularly interested that this conflict should flare up.¹⁸⁹ After one week, he gave his approval.¹⁹⁰ Now, can you say that the Kiev Administration is responsible for what happened in Donetsk and Luhansk?¹⁹¹

¹⁸⁵ MK: Unfortunately, those people who were prepared for such a risk are no longer in Russia today.

¹⁸⁶ MK: As I understand it, we are talking about the current conflict right now, and not in time. [This could be an error in the transcript, and he actually could have said “in Crimea”—Trans.] If we’re talking about what is going on in Donetsk and Luhansk provinces, I was there just before these events started up—in fact, just one week before things turned hot—and I met with those people who seized the provincial administration building in Donetsk.

¹⁸⁷ MK: They were not yet Strelkov-Girkin’s people, the ones who seized Slavyansk, but they were, believe me, people who were directly connected with the Kremlin administration and who received instructions from the Kremlin administration, including as regards their behaviour with me.

¹⁸⁸ MK: It is precisely for this reason that they stopped short of capturing me on the spot, because they hadn’t received the relevant instructions.

¹⁸⁹ MK: At that moment—and once again I am absolutely sure about this was a week before the beginning of the hot military stage of the conflict—Putin had not yet taken a decision about further actions in the east of Ukraine. That said, the conflict was being prepared by those forces—including, I assume, inside the FSB—that had an interest in having this conflict flare up.

¹⁹⁰ MK: After one week, he approved it.



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I find that much more difficult to talk about because I am not a Ukrainian citizen, but to my way of thinking, those events that did flare up in the course of the conflict were to some extent a reply to what Russia was doing in the North Caucasus and that was a mistake.¹⁹² That is my opinion, anyway.¹⁹³

Chair: Mr Khodorkovsky, thanks very much for your evidence. I have one follow-up question, which I will write to you about. It will require a much more detailed answer than you are able to give today, not least because we have trespassed significantly on the efforts of our interpreter, to whom I also record the thanks of the Committee for his assistance. I also thank you again, very much indeed, for the candour with which you have answered our questions today. Your experience and your record speak for themselves, so thank you very much indeed for sharing that with the Committee today.

¹⁹¹ MK: Now, can you say that the Kiev administration bears responsibility for what happened in Donetsk and Luhansk?

¹⁹² MK: This is harder for me to say, because I am not a Ukrainian citizen, but in my view, those actions that were undertaken in the course of the conflict were in a certain sense a replica of what Russia was doing in the North Caucasus, and this was a mistake.

¹⁹³ MK: That is my point of view.