

Interview

Can I ask you to go back in your mind to 2003. Do you not consider that you committed a strategic error then, having incorrectly assessed the risks for the company and for yourself personally?

Of course, behind bars I have thought much about whether I could have acted differently. Perhaps I was too naïve in 2003, I believed that certain democratic and legal institutions had already become entrenched in the country. As you can see, I was wrong. But to act differently, to leave, to abandon Platon, to betray other people – I could not do that. If I could relive this stage again, I would probably act the same. As concerns the company, from the very start of this story I tried with all my strength to move YUKOS, the labor collective, out of the line of fire. You know that I left all posts in the company rather quickly, declared not once that I was ready to part with [my] shares to retire the tax claims. Nothing helped. And could not help already. It seems to me that in that situation YUKOS already had no chance of surviving, as a unitary company. It was just too tasty a morsel of property; we had created too successful and prosperous a company.

Do you have complaints against Roman Abramovich and other large businessmen in connection with the first YUKOS case?

Everyone determines for himself the acceptable level of risk, just like the limits of what is permissible in business and in life in general.

In the past year, Vladimir Putin has sharply criticized individual large businessmen and their companies on more than one occasion. Do you see – especially in connection with the problems in the economy – the preconditions for a new “YUKOS affair” today?

New analogues of the “YUKOS affair” already exist. Just not on the same scale. Such cases could happen with a company and a businessman of any level, not only with one that enters into the Top 500 in the world ranking. The practice of artificially turning civil or commercial disputes into the materials of a criminal case, tested out on us, has created dozens and hundreds of new “YUKOS cases” of a smaller scale.

Yet another consequence of our first case became the loss of confidence in the court. Few doubt now that a court can adopt an incorrect decision under the influence of political pressure. And how then to distinguish lawful claims from unlawful ones? In the last five years, every time tax or other criminal claims arise against business, the press announces about the start of a new “YUKOS affair”. And one can understand you. Based on the experience of YUKOS, you know that in Russia, criminal prosecution does not at all signify an aspiration to render justice. How to put an end to this practice? Perhaps a comprehensible and objective decision with respect to our second case could improve the reputation of the judicial system.

What feelings are you experiencing towards Vladimir Putin and Igor Sechin? Do you consider that the “YUKOS affair” – is a personal affair [implemented] by their hands?

I consider that the “YUKOS affair” was created and continues to go on thanks to very many persons. Moreover, now the case is being moved along for the most part by a bureaucracy that is not even of the upper echelon. Are Putin and Sechin complicit in the “YUKOS affair”? Yes, at the initial stage of the affair, the political will was formed specifically by these people. Today – I don't know. Right now, it is important for me to defend my good name and to achieve a just court decision. In any case, you can not bring back the past.

Do you see a difference between Vladimir Putin and Dmitry Medvedev? In what is it?

Many commentators and experts run to extremes. According to them it turns out that either Dmitry Medvedev – is nothing more than a puppet in Putin’s hands, or the incumbent President who wants nothing more than to get rid of the influence of the prime minister. I think that Dmitry Medvedev, unconditionally, differs from Vladimir Putin, but in also time [*sic*, probably “at the same time”] I have no doubts that the current President is completely loyal to the previous one. Will he be able to conduct his own policy, will he deem this necessary for himself? Questions to which I do not have an answer for now.

Can you imagine a situation in which you submit a plea for pardon?

For now, all my efforts are focused on attaining a lawful and objective decision in that case which is now being examined in the Khamovnichesky Court. Admitting guilt of non-existent crimes is unacceptable for me. As to the rest, time will tell.

Why did they not let you give testimony in court, and in what is the sense and objective of this testimony?

The prosecution is counting on Basmany justice, interpreting any document, any law to the advantage of the bosses. But the prosecution itself can not explain how what it is charging [me] with was committed, what its evidence proves.

The prosecution says: “The victims themselves shipped all the oil to the refineries and for export to purchasers”. Then where do we get [the idea] that the oil got lost? Did the purchasers complain? No. So where did the oil go? It came to those purchasers to whom it had been shipped? Yes. Then where was it stolen?

And the profit from realization? The prosecution says that YUKOS got 15.8 bln. dollars in profit from the realization of oil, distributed 2.6 bln. dollars in dividends. The victim had a profit from the stolen oil? How is that? Have you ever heard of anything like that?

What do you think, that the prosecutors and the judge understand nothing at all? They understand perfectly well. The only chance for the prosecutors – is to tie the trial up in knots with their blabbering, and then force the judge to sign some drivel. Tell me, in such a situation, what do they need my clarifications for? They simply fear them, like they fear any live word from this trial.

Competitive trading in oil between the subdivisions of a VIOC was impossible. Is it possible today?

No. For now there is no free market in oil inside Russia. Its presence demands surplus transport capacity, which do not exist in the country. And besides, it is too expensive to maintain such capacity. We are not the USA, after all, it is far to the port and consumers, thousands of kilometers by land. It is precisely for this reason that widespread trade within holdings at transfer prices – is no violation of the law, despite the persistent and artificially maintained stereotype.

In the government there lies a draft of a law regulating the rules of transfer price formation. Why they are adopting it only now, and is it capable of improving tax regulation in Russia? Talk about this has been going on for more than ten years. And it is not a fact that this law will be

adopted, and if it is, then it is unknown in what form and with what consequences for the economy and tax receipts into the budget. I think that the legislative introduction of the concept of a single taxpayer, which we have also been talking about since 1999, is much more rational. That is when a VIOC is regarded as a single whole for taxation purposes.

They are charging [you] with the theft and laundering of shares of subsidiary companies of VNK. In essence, what was taking place was a REPO system, widespread on the stock market. Will a guilty verdict with respect to this episode create a dangerous precedent? For example, for a small-scale speculator who pledged shares belonging to him with his broker.

This is an absurd charge with an expired statute of limitations. To base one's future steps with references to such a precedent (if we understand this term in its own juridical meaning) is laughable. Lawlessness is not in need of this. What is frightening is the very fact of juridical lawlessness.

Refuting the thesis about the theft of the oil, you, as an example, cite the headlong growth of YUKOS's indicators, impossible without the proceeds from the supposedly "stolen" Oil. But did not YUKOS according to the prosecution theory "steal" this oil from subsidiaries?

No. Herein lies the absurdity of the charge. They are accusing me, Platon Lebedev and several other people of having embezzled the oil. And if we had stolen this oil, then YUKOS could not have had any receipts, let alone a profit. After all, oil – is the only source of income of an oil company. And YUKOS since 2001 – was the 100% owner of the shares of the subsidiaries, until this the principal company (owner of a controlling block), *i.e.* any dispute with the subsidiaries or their shareholders, if there had been one (in actuality there was none), – was exclusively civil (Art. 105 CivC RF [Civil Code of the Russian Federation]). Besides that, the subsidiaries too had headlong growth of production and development (YuNG by a factor of 2 times, SNG by a factor of 2 times, TN by a factor of 1.5 times).

The first YUKOS case – a turning point in Russian history. Are there preconditions for a new "YUKOS case" (especially in connection with the problems in the economy)?

I do not want to prophesize. But as long as there is not independent and just court – anything is possible.

What are the first steps that need to be undertaken today in the political sphere?

To conduct a real, full-fledged judicial reform, about which I have already spoken on numerous occasions with concrete proposals.

A noticeable part of private assets because of the crisis may pass into the hands of the state. How legally appropriate and, from the economic point of view, promising is this process?

I have an extremely critical attitude towards the quality of state management in Russia in general and in industry in particular. The consequences of the expansion of this inefficient sector are sad: rising unit costs, falling labor productivity, non-transparency and corruption.