

The 'energy tandem': Putin and Sechin control the Russian energy sector

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On 15 June, Vladimir Putin signed a decree establishing the President's Commission for the Strategic Development of the Fuel & Energy Complex and Environmental Safety. Putin himself has become chairman of the committee, and the responsible secretary is his closest aide Igor Sechin, the president of Rosneft, and until recently the deputy prime minister for energy. The commission consists of representatives from major oil, gas and electricity companies, as well as key ministers, the heads of ministerial institutions and of the national energy market's regulatory authorities. The Commission has a very wide remit; its exclusive competence covers matters particularly related to how the oil and gas sector functions – from price controls on the internal market, fiscal policy, through granting concessions for research into and development of resources, up to deciding the strategy for developing the sector as a whole (including programmes to develop the resources of individual regions, and assigning state budget funds to these projects). The new committee is being coordinated by Anton Ustinov, a close associate of Igor Sechin, who has also become an adviser to President Putin.

Commentary

- The appointment of a presidential committee on fuel and energy means that the central management and control of this strategically important sector remains in the hands of Vladimir Putin and his closest collaborator, Igor Sechin. During Putin's term as prime minister (2008-2012), the decision-making centre for energy lay in the government; Sechin was then Deputy Prime Minister for the energy sector, and headed a government commission on fuel and energy and developing the resource base.
- The unprecedented scope of the new committee's powers – especially in comparison with the still existing government committee chaired by Deputy Prime Minister Arkady Dvorkovich, who has close ties to Prime Minister Dmitry Medvedev – effectively means the marginalisation of the latter, and a weakening of the role of government since Putin's return to the presidency. The creation of a presidential commission restores the system for managing this sector which was created during Putin's first two presidential terms (2000-2008), when the government and the Ministry of Energy acted as contractors of all the technical decisions taken in the Kremlin.

- As the newly appointed secretary of the committee, Igor Sechin has gained the power to supervise government bodies at all levels on issues related to energy policy. His appointment to this position, together with his previous meteoric rise in the oil sector (he was named president of Rosneft and made a member of the supervisory board of the Rosneftegaz holding company), indicates that even though Sechin has left the government, not only has he not lost his undeniable influence over the fuel and energy sector, but has even strengthened his position; under the patronage of the President, he now has tight control over this field.