

Russian senator arrested in France

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Suleiman Kerimov, a Russian senator (representing Dagestan) and billionaire, was arrested on 20 November at Nice airport. He had arrived in France privately without a diplomatic passport. The senator is suspected of tax evasion and money laundering. Kerimov reportedly used middlemen to buy a villa on the French Riviera worth 130–150 million euros for 35 million euros. The French authorities have been conducting an investigation into this matter for a few years already. The villa was searched in February this year. As a result, it turned out that the property might be owned by Kerimov. The Russian senator was released on bail (5 million euros) two days later. However, his passport has not been returned and restrictions on him travelling in France have been imposed. The punishment he may face for the crime he is suspected of is up to five years in prison and confiscation of property. Kerimov has pleaded not guilty and claims that he has no property outside Russia.

Commentary

- Kerimov does not belong to the small group of Russian oligarchs who are President Vladimir Putin's friends. However, as a wealthy businessman (according to the Forbes 2017 ranking, his assets, officially managed by a trust fund, total US\$6.3 billion), he is an important member of the Russian business elite dependent on the Russian government. His name has been mentioned, for example, in the Panama Papers and Paradise Papers concerning the use of tax havens by public figures from many countries in financial (including illegal) operations. Among the revelations in the documents was the fact that his firms had been involved in unclear transactions with President Putin's friend Sergey Roldugin and deputy prime minister Igor Shuvalov.
- Kerimov's arrest has provoked strong unrest among representatives of the Russian political and business elites for whom European countries are a popular direction for investing capital (including via middlemen) and bringing it outside Russian jurisdiction. They have interpreted the Kerimov case as a sign that Russian ownership abroad may be unsafe. Valentina Matviyenko, the Speaker of the Federation Council, has even suggested that a "hunt for Russian politicians" might have started in the West. The Kerimov case will also most likely be used by the Kremlin to put further pressure on members of the Russian elite to minimise their dependence on Western countries and to transfer their financial assets back to Russia. Under the laws in force, individuals who perform public functions are not allowed to hold bank accounts outside Russia.

- The Russian government has criticised France in connection with the Kerimov case. The Russian Ministry of Foreign Affairs has issued a protest note concerning this matter, and the president's spokesman, Dmitri Peskov, has declared that all possible efforts will be made to protect the Kremlin's interests. It cannot be ruled out that Moscow will choose to respond to France's actions (the recent Russian accusations that the Auchan retail network sells cheese covered by an embargo may be an element of this). However, it is not in Russia's interests to aggravate relations with France, especially given the fact that a few days ago President Emmanuel Macron decided to take part in next year's economic forum in Saint Petersburg.