

Ulyukaev is sentenced to 8 years in a penal colony: the Kremlin demonstrates its ruthlessness

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On 15 December, the district court in Moscow found Alexey Ulyukaev, the former Russian minister for economic development, guilty of accepting a bribe of US\$2 million in exchange for passing a positive opinion to allow the state-owned oil company Rosneft to take over a 50.08% stake in Bashneft. The court found that the evidence presented by the prosecution authorities proved beyond any doubt that Ulyukaev was guilty of the crime. The former minister was sentenced to eight years in a top security penal colony and a fine of 130 million roubles (over US\$2 million).

Before that the court accepted the evidence presented by the prosecution and the refusal of the main witness in this case, Igor Sechin, the CEO of Rosneft, to appear at court. It was from Sechin that Ulyukaev had allegedly demanded the bribe.

Commentary

- In the Russian political situation, guidelines to the court as regards the sentence in a case in which senior state officials are involved must be given by the Kremlin. In fact, President Vladimir Putin himself hinted that Ulyukaev would be found guilty already during a press conference on 14 December when he expressed his understanding for the stance taken by Sechin during the trial and backed the prosecution's standpoint. The sentence is not legally binding but it is unlikely to be significantly reduced by a court of higher instance.
- The sentence in Ulyukaev's case is political in nature and is intended to serve as a clear message from the Kremlin addressed above all to the more liberal section of the broader circle of the ruling elite. It is intended at demonstrating the ruthlessness of the Kremlin, which violates the law with impunity, and at putting an end to the discussion on the principles of the formal and informal redistribution of assets and benefits among the elite. The sentence is aimed at intimidating the section of the elite who are trying to contest the strengthening of influence among the key figures of the Russian system of power; this means in particular Igor Sechin. The acquisitions in the oil sector planned by the CEO of Rosneft have been criticised not only by a part of the so-called 'governmental economic bloc' to which Minister Ulyukaev belonged (the liberal wing of the ruling elite) but also by other state-owned and private firms operating in the energy sector. Thus the harsh sentence for Ulyukaev will certainly limit the lobbying possibilities of the interest

groups that compete with Sechin (mainly energy companies).

- The sentence proves that the position of Igor Sechin, the CEO of Rosneft and the initiator of the trial against Ulyukaev, is strengthening among the ruling elite. Ulyukaev's sentence has thus undermined even the ability to keep up the appearances of balance inside the Russian ruling elite – between Putin's close aides on the one hand, who support strengthening state control and intensifying its repressive nature and who at the same time treat the state as a private source of income and, on the other hand, those who, for pragmatic reasons, are trying to improve the effectiveness of the functioning of the state and the economy. This is also proof that any prospects of a reform of the present system of power in Russia has been ruled out.

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