

The Nightly Business Report
Russia – Land of Opportunity or Not?
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I was in Moscow last month. There was much talk about the tax evasion and fraud trial of Russia's wealthiest man, Mikhail Khodorkovsky. He claims no guilt, but people think he will be convicted anyway because he has fueled opposition to President Putin.

There was talk, too, about a related case against the Yukos Oil Company for \$7 billion in back taxes. It is no coincidence that Khodorkovsky was its CEO and largest shareholder. He built Yukos into Russia's top oil producer through Western-style management and transparency, and succeeded in attracting much needed foreign investment.

It looks as though Putin is intent on stripping Khodorkovsky of his freedom and his wealth. But he is perilously close to abrogating the rule of law, and the government has not responded to settlement offers that would keep Yukos from going bankrupt.

This is unsettling in a climate of rising nationalism. The government wants to control Russia's crown jewels – its oil and natural gas.

President Putin has amassed great power, largely through democratic means. However, the press has been silenced and there are few checks and balances. How he uses this power bears watching. If the Khodorkovsky and Yukos cases come out badly, it may be seen as a harbinger of things to come. If so, it will send a chilling message to foreign investors.

I'm Barbara Hackman Franklin.