

**Statement by Co-Chairman Christopher H. Smith**  
**U.S. Commission on Security and Cooperation in Europe**  
**“The Yukos Case and Its Impact on Business and Politics in Russia Today”**  
**July 13, 2005**

It is a pleasure to welcome everyone to this briefing today on the YUKOS case and its impact on business and politics in Russia today.

With Russia taking the chairmanship of the G-8 at the end of this year, the subject of law in Russia and its relationship to business and politics becomes especially important. The YUKOS case seems to have been characterized by selective prosecution and blatant legal arbitrariness. For instance, I was surprised to hear that much of the ‘verdict’ in the Khodorkovsky trial was merely the judge’s restatement of the indictment filed by the prosecution. This is reminiscent of the dissident trials of the Soviet era.

I think *The New York Times* said correctly when it wrote, “We criticize this trial not necessarily because we believe Mr. Khodorkovsky is innocent or that oligarchs should be immune from the law, but because it was not a fair trial, and a fair trial would have been so valuable to the development of Russia...”

Indifference, or hostility, to the rule of law will ultimately wreak havoc on a nation’s democratic development and its economic future, and I say this as someone who does not intend to be needlessly critical of Russia. I want to see the Russian Federation as a prosperous and stable member of the international community and partner in the war against international terror.

For Russia to transform in this way there must be certain reliable legal standards that are respected and enforced.

I note that former Prime Minister of Russia, Mikhail Kasyanov, recently announced that he was considering running for President in 2008. He is now being investigated for corruption. Just a coincidence, perhaps?

With this in mind, we look forward to hearing from our guest today from Russia – via Israel – who has extensive knowledge of the Yukos case and the Russian Government’s pursuit of Mr. Khodorkovsky.

Mr. Leonid Nevzlin is a core shareholder in the YUKOS Oil Company, and a friend and business partner of Mikhail Khodorkovsky. He has been a Member of the Russian Federation Council (Upper House of the Russian Parliament) and Deputy Chairman of the International Relations Committee of the Federation Council.

From 2000-2001, Mr. Nevzlin was president of the Russian Jewish Congress, and he has supported several major Jewish cultural initiatives. In June 2003, Mr. Nevzlin was elected president of the Russian National Humanities University. Since October 2003, he has resided in Israel.

If President Putin cares about Russia’s future, he needs to look long and hard at the legal system that has emerged under his administration. Joining us today is an expert who looks at the Russian legal system long and hard every day. Peter Roudik is senior Foreign Law Specialist for the Russian Federation, Former Soviet States, and Eastern Europe, at the Law Library of the Library of Congress.

Among other scholarly works, he is author of *The Legal System of the Russian Federation*, MODERN LEGAL SYSTEMS CYCLOPEDIA (2004). Mr. Roudik received his legal education at Central European University, Budapest, Hungary; the Institute of State and Law, Moscow, Russia, and Moscow State University.

Mr. Roudik's assistance to the Commission over the years has been invaluable, and we look forward to his commentary.

Following the statements of our two guests, we will open the floor for questions.