

FT Magazine

## 'We need to talk about Igor': the rise of Russia's most powerful oligarch

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Igor Sechin was once Putin's secretary. Now, as head of the oil giant Rosneft, he has emerged as one of the country's most formidable political figures

Henry Foy YESTERDAY

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As one of his political opponents was led into a Moscow court last December, [Igor Sechin](#) eased back into the seat of his company's private jet, climbing through the clouds en route to Central America.

The chief executive of Russia's oil giant [Rosneft](#) had good reason to feel content. By the time his Bombardier 6000 touched down in the Azores to refuel, Vladimir Putin's former economy minister [Alexei Ulyukaev](#), who had been found guilty of soliciting a bribe from Sechin, had been read [his sentence](#): eight years in a strict penal colony and a \$2.2m fine.

Ulyukaev was the first serving minister to be arrested in Russia since Joseph Stalin's secret police chief, and his undoing marked a new peak in Sechin's influence. The case hinged on his word — a public demonstration of the clout of someone widely considered second only to Vladimir Putin as the country's most powerful man.

Grey-haired and bulky, with piercing eyes and a quiet, hushed voice, Sechin is Russia's pre-eminent oligarch. The oil baron is the epitome of the group of all-powerful businessmen whose deep political influence and control over the country's national resources depend on their proximity to President Putin. They are widely perceived in Russian society to be above the law and answerable only to the Kremlin.



Sechin and Putin at a ceremony to mark the commissioning of the East Siberia-Pacific Ocean oil pipeline in 2009 © Rex/Shutterstock

Feared by fellow businessmen and politicians alike, Sechin, 57, has marked himself out as first among equals in the president's entourage, a loyalist who has risen from an early role as Putin's secretary to head of the world's biggest publicly listed oil company. As CEO of Rosneft, he controls an energy empire that pumps more crude per day than the whole of Iraq — and is thus guardian of the Kremlin's most valuable corporate asset.

Russia's elite, accustomed to a stable, albeit uneasy truce between Putin's courtiers, was [startled by the downfall of Ulyukaev](#), one of their own, in such public fashion. "This is a terrible, unreasonable sentence. Weak investigation work, accusatory bias. Such injustice, alas, is now faced by many," wrote Alexei Kudrin, a former finance minister and an economic adviser to Putin, in a notably outspoken criticism of the trial. Ulyukaev denied the charges.

Later this month, Russia will go to the polls in a presidential election. The outcome of Ulyukaev's trial suggests a fracturing of the [delicate power structure](#) built during Putin's 18-year rule of the country, an authority built by playing rival clans off against each other and neutralising potential opponents who rise too fast.

The [president is about to be elected](#) for his fourth and potentially final six-year term. With no sign of a succession plan in place, the spotlight has been thrust upon the various factions jockeying for influence below him. Sechin was previously most effective as someone pulling strings in Putin's shadow but his recent manoeuvres have raised the prospect of a battle for the spoils among the president's followers. Some Kremlin watchers even cast him as a potential prime minister in waiting.

More broadly, Sechin's continued rise — and the brutal way he has dispatched those who cross him — offers a window into the [internal wrangling for power](#) within Putin's Russia, and the forces that

might shape the country's future.



Alexei Ulyukaev, Russia's former economy minister and a political rival to Sechin, outside court in Moscow last November. He was subsequently sentenced to eight years in a penal colony © Bloomberg

In dozens of conversations for this article, with current and former colleagues and with executives, analysts and government officials, almost all agreed to discuss Sechin only on the condition of anonymity, citing the risk of exposing themselves as critics. He was described as unafraid of conflict, ruthless and opportunistic, a man whose political apprenticeship under the president's wing has taught him that might is right. Questions sent to Sechin by the FT were answered by a Rosneft representative.

“He has his own way of doing things. This is his style. He is quite a pushy man,” said a senior Kremlin official. “He is really aggressive in his work. People do not like him. People in the government. They dislike him a lot. Putin knows this and he jokes about this. Really . . . I don't know if [Putin] likes him personally but he likes his effectiveness in certain fields.”

While Sechin is more public now than in his days as Putin's right-hand man, the nervousness he provokes echoes an anecdote featured in a [2008 US embassy cable](#) released by WikiLeaks, that “Sechin was so shadowy that it was joked he may not actually exist but rather was a sort of urban myth, a bogeyman, invented by the Kremlin to instil fear.”

Since Ulyukaev's arrest 16 months ago, the volume of criticism directed at Sechin, both public and private, has risen. But if anything he appears emboldened. “[Sechin's] style is that the best form of defence is always attack. He has been under attack a lot in the past year or so, so he has come out fighting,” said someone who has known him well for more than a decade. “He has an ability to

prioritise getting the job done over everything else, whatever it takes. Which quite obviously mirrors the style of the man at the top.”

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**Born in 1960 into** a working-class family in Leningrad, the city now known as St Petersburg, Sechin was an avid reader from an early age. He graduated from Leningrad State University with a PhD in economics and a proficiency in French and Portuguese. This led to him being sent to Angola and Mozambique in the 1980s — the African frontiers of the cold war — as a military translator. It was in this role that he began working with the KGB, the Soviet security service, according to diplomats.

When Putin, a former KGB officer and fellow St Petersburg local, became deputy mayor of his hometown in 1994, Sechin was made his secretary, marking himself out by fastidiously controlling access and making detailed notes on each visitor. He then followed Putin, bag in hand, to the Kremlin when Putin succeeded Boris Yeltsin on the stroke of the new millennium. Sechin was appointed deputy head of the administration, with oversight of the security services and energy issues, a protective gatekeeper and confidant.

In 2008 Putin switched jobs for a four-year term as prime minister, and Sechin became deputy premier, with control over energy policy, formalising his position as the ultimate arbiter of Russia's oil and gas assets. Then, after Putin returned as president in 2012, Sechin took direct control of Rosneft as chief executive. One of the president's most trusted problem-solvers, he was hit with US sanctions after Russia's 2014 annexation of Crimea (the US treasury described him in its announcement as “utterly loyal to Vladimir Putin”). Today he owns 0.127 per cent of the company's shares, worth about \$83m, and was paid about \$11m in 2015.

## Sechin and Putin: a united front

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### 1994

Putin becomes deputy mayor of St Petersburg; Sechin is his secretary

### 2000

When Putin becomes president, Sechin is made deputy head of the administration



© AFP

**2008**

Putin is now prime minister, while Sechin becomes deputy premier, with control over energy policy

**2012**

Sechin takes control of Rosneft, as Putin returns as president

Russia's original oligarch cadre seized control of former Soviet assets in the notoriously murky "cash for shares" privatisations in the 1990s, as the country stumbled into democracy and capitalism. But Putin's rule over Russia has been defined by a new clique of men whose wealth and power stem from their fealty to the president, often built on shared experiences in the security services or in Putin's hometown of St Petersburg. Few have been at his side longer than Sechin.

Such an extended time as the president's de facto deputy has led political analysts to deduce that their reliance on each other is reciprocal — and that any move to attack the other would be mutually harmful.

Sechin is also the most prominent of the fabled *siloviki*, a clique of former and current members of Russia's security services in and around the Kremlin whose belief in strong state control of the economy and authoritarian principles has shaped the country's recent history and helped undermine the efforts of a rival clique of progressives including Ulyukaev, Kudrin and prime minister Dmitry Medvedev.

Sechin's recent string of victories has led many to assume that the conservative, nationalist and statist *siloviki* faction is firmly in the ascendancy as Putin's next term looms. Ulyukaev's

incarceration is seen as a warning to the more liberal wing that has sought to encourage the president to promote private business, reduce state intervention in the economy and improve relations with the west.

“Igor Sechin makes no secret that he worked for a long time under the leadership of Vladimir Putin, considers him his teacher and mentor and has a great respect for Putin,” a Rosneft representative told the FT. The representative declined to comment on whether Sechin had ever worked for the KGB, and said that if the *siloviki* concept was applied in the US, it would include “90 per cent of American political elite and the administration”.

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**To be invited to** an audience with Sechin is to be left in little doubt that this is a man who not only cultivates power but knows how to wield it. Last summer, the [FT was granted a rare interview](#) with the Rosneft CEO at a company event in St Petersburg. As aides and security personnel bustled around nervously, visitors were motioned to stand and wait in deference, as heavy floor-to-ceiling doors akin to those in a presidential palace were flung open in advance of his arrival.

We met two months before the start of Ulyukaev’s trial, and amid a separate legal battle Sechin was fighting against a private entrepreneur. Yet the famously belligerent executive was in a relaxed, light-hearted mood. Later that evening he would host a lavish corporate party and join a singing Julio Iglesias on stage.



Sechin, right, with Russian prime minister Dmitry Medvedev at an oil conference in St Petersburg in 2009 © Tass/ Getty

Even his critics credit Sechin with overhauling Rosneft from the sick man of Russia's oil industry into its undisputed leader. But his rise has often been at the expense of others. He was described by the [former US ambassador to Moscow](#) as the “grey cardinal” of the Kremlin, “who has sought to break the power of the oligarchs, confiscate and amalgamate their assets into state companies under *siloviki* control and to limit western influence”.

In his FT interview, Sechin was keen to portray himself as a disciple of the market economy, despite a record of championing state control and public ownership. He rejected suggestions that he had used force and state-supported skulduggery to swallow rival businesses. “Rosneft has not received any assets free of charge. We were buying things, paying money, buying from the market. It was organic growth,” Sechin told the FT. “We operate in a competitive environment.”

Those on his growing list of defeated enemies would beg to differ. In 2003, Mikhail Khordokovsky, then the private owner of Russia's largest oil company, Yukos, was charged with tax evasion and his company seized by the state. Khordokovsky accused Sechin, then deputy head of Putin's administration, of orchestrating his downfall. Sechin, who denied being involved, was [nonetheless its biggest beneficiary](#) – in 2004 he became chairman of Rosneft, which inherited most of Yukos's assets.

Then in 2014, Vladimir Yevtushenkov, the private owner of regional oil company Bashneft, was investigated and arrested, and the company was expropriated by the state. Two years later, in a [controversial privatisation process](#) challenged by Ulyukaev, Rosneft bought Bashneft.

Ulyukaev was arrested a month later. Then, Rosneft took Yevtushenkov to court, accusing him of stripping assets from Bashneft before it was nationalised. A regional judge ruled in Rosneft's favour, leading to an out-of-court settlement where the tycoon gave Sechin's company \$1.7bn for an asset he had already been forced to hand over for free.

## People don't like him. I don't know if Putin likes him, but he likes his effectiveness

Senior Kremlin official

Sechin told the FT that there was “nothing personal” about his legal battle with Yevtushenkov and the Bashneft takeover, which gave Rosneft a 40 per cent share of Russia's oil production. “I cannot fail to defend my shareholders,” Sechin said. “And I did it in a correct manner. I went to the court.” Rosneft says that all assets were acquired at market price.

But such an aggressive approach has made Sechin a lightning rod for criticism among Moscow's investment community. They are concerned about the heavy-handed manner in which Russia's state-owned corporate giants still dominate the major industries, a [critical risk factor for foreign investors](#) in the \$1.3tn economy. “This is a very serious

case and it is a matter of disturbance for some investors . . . The way it looked disturbed business,” said the senior Kremlin official, who declined to be named, of Sechin’s fight for Bashneft.

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**Today, Rosneft accounts for** 6 per cent of the world’s crude output. Listed in Moscow and London, and worth about \$65bn, it paid more than Rbs3tn (\$53bn) into state coffers in 2016. “Igor Ivanovich,” Putin said approvingly at a publicised meeting with Sechin last year, using the respectful patronymic form of his name, “there is no need to provide the characteristics of Rosneft — it has really turned into one of the leaders of the global oil and gas industry. A lot of work has been done recently to strengthen the company.”

Much of that work has been outside Russia’s borders. Sechin’s international ambitions over the past year have marked him out as a [powerful arm of Russian foreign policy](#), puzzling analysts as to whether he is building a personal empire or operating as a pseudo-corporate shadow foreign ministry.



Aboard a helicopter during a visit to an oil rig in the Kara Sea in 2014 © Bloomberg

Sechin spent the weekend after Ulyukaev’s sentencing jetting around Central America to sign co-operation deals with Cuba and Venezuela, advancing Rosneft’s interests in the region. Under his leadership, Rosneft has provided a \$6bn financial lifeline to Venezuela, which is subject to crippling US sanctions, and \$3.5bn to Kurdistan, the autonomous region of Iraq. Sechin also led a consortium to buy India’s Essar Oil for \$12.9bn last year, and orchestrated [a deal to sell 14 per cent of Rosneft](#) to Chinese energy trader CEFC China Energy. On top of that, the company has projects in Egypt, Vietnam and Brazil.



“When he became chairman of Rosneft, he did his best in order to transform this company into what it is now,” says Alexander Nekipelov, Rosneft’s chairman from 2011 to 2015. “He is very ambitious and very capable. His contribution to the growth of Rosneft is enormous. He does not quite distinguish his personal gain and gains for the country. He believes that Rosneft should be a significant player in the world, in the global market.”

## The philosophy of fear percolates through the layers of the company

Former Rosneft colleague

“He is spinning so many different plates right now,” says one executive at a foreign business in Moscow, amid suggestions that many of these ventures make little commercial sense, other than as means to advance Russia’s broader foreign policy goals.

Such ventures appear to have the support of the Kremlin, which has long used Russia’s vast hydrocarbon resources as a geopolitical tool. The

Chinese deal won Sechin widespread praise from an administration [keen to build stronger ties with Beijing](#), and at pains to show that sanctions have not crippled the country’s ability to attract investment.

“He’s been successful in many negotiations, with western, with Asian partners . . . He is a very strong negotiator,” says Kirill Dmitriev, chief executive of a Russian sovereign wealth fund. “He is basically playing on several chess boards at the same time. Three-dimensional chess.”

Sechin counts Rex Tillerson, Donald Trump’s secretary of state, as a close personal friend, after the two men — during Tillerson’s time as Exxon Mobil CEO — struck a 2012 agreement that entailed investments by Exxon and Rosneft worth \$500bn. When sanctions imposed on Sechin and Rosneft imperilled that deal and banned him from visiting the US, Russia’s response was to lament that he could no longer “ride the roads of the United States on motorcycles with Tillerson” (a planned trip that had to be abandoned post-sanctions).

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**Rosneft officials boast of** its blue-chip international shareholders — including BP, Glencore and Qatar’s sovereign wealth fund. But it remains 50.1 per cent owned by the Kremlin, and Sechin is adamant that state-owned giants are right to dominate the industry.

“They kept on telling us that private companies operate in a more efficient manner. And I completely disagree with that,” he told the FT. “Efficiency in what way? To fill your own pockets or work for the benefit of society? . . . In the past, when the key parts of [Russian] industry were to be privatised, the ideology, the philosophy behind that was different: searching for efficient owners. There is no problem of that kind any more.”



Sechin, left, with President Putin at the launch of an oil terminal in 2012 © AFP

Since Rosneft paid \$55bn in 2013 to take control of TNK-BP, then one of Russia's biggest private oil companies, Sechin has pursued a strategy of size at any cost, overseeing \$22bn of net acquisitions that have swollen its output but also its debt levels. At the end of September 2017, its current assets were worth just 52 per cent of its current liabilities, down from 117 per cent a year previously (and compared with 125 per cent at BP and 118 per cent at Shell).

That leverage, and the oversized role Sechin plays in decision-making, was the focus of an unusually critical report published last autumn by Russia's largest lender, Sberbank, which is also state-owned; one section of the report was subtitled "Rosneft: We Need to Talk About Igor".

"A bullish or even a neutral stance on Rosneft must assume . . . that Rosneft will cut costs, take a pause on acquisitions, quit supporting Venezuela, clean up its income statement, generate lots of cash flow and use it to deleverage and reward shareholders," read the English-language version of the report, which was written by a London-based analyst at the bank. "However, the CEO, who unilaterally sets the strategy at Rosneft, shows no visible inclination to change his ways.

"Such unilateral decision-making is unique in our coverage," it continued. "To take a neutral, much less a bullish stance on Rosneft would require lots of things going right, first and foremost, inside one person's head. We are not prepared to believe in that quite yet."

A Rosneft representative told the FT the report was "nothing more than an unprofessional trick of one incompetent analyst," and that "the style and rules of management at Rosneft are not significantly different from what is practised in such companies as ExxonMobil, BP, Statoil and other majors."

But colleagues and associates corroborate the report's view of a workaholic micromanager, who rises at 5am and has a hand in almost all decisions, no matter how small. Rosneft is conducting initial trials for some machine-learning software designed to streamline processes. "We have not yet worked out what to do if the machines start disagreeing with him," said a person with knowledge of the initiative.

Possessing a short temper and a low tolerance for failure, on his rare days off Sechin relaxes by hunting game. "It is not always easy to work with Sechin, because he works very hard and expects everyone around him to work just as hard," says Nekipelov. "When he takes a decision, he sticks to it."

Some former and current Rosneft employees describe a rigid, bureaucratic structure that borders on a cult of personality. Sechin looms over 296,000 employees — the largest corporate headcount in Russia. "The philosophy of fear percolates down through all the layers of the company," says a former colleague. "If you needed something really urgently, you would tell someone that the order came from Sechin's desk. Of course you had to use this tactic sparingly, but it always worked."

Much like Putin, Sechin is very protective of his private life. Divorced from his first wife in 2011, he successfully sued a local newspaper over a story concerning the alleged use of a luxury yacht by his second wife. He has also taken legal action against media outlets for stories regarding his salary or alleged ownership of an exclusive Moscow mansion. At press conferences, engagement is typically on his terms, with reporters vetted in advance by Rosneft officials, who provide pre-arranged questions.

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**In his final statement** to court in December to sum up his defence, Ulyukaev cited Socrates, Fidel Castro and Stalin's show trials, casting himself as the victim of a set-up and pointing the finger at his absent accuser. Sechin had [ignored four summonses by the court](#) to appear as a witness.



Ulyukaev (left) in happier times, at a meeting of the Russian-French council with president Emmanuel Macron in January 2016; and, right, less than a year later, leaving court in a car belonging to the Russian Federal Penitentiary Service © Getty

In November 2016 Sechin had invited Ulyukaev to his office on the banks of the Moscow river for a late-night meeting. There, an elaborate sting operation took place, in which Sechin wore a wire and officers from Russia's Federal Security Bureau (FSB) waited outside. The minister was presented with gifts from Sechin — a basket of home-made game sausages and a bag containing \$2m in cash: the amount Sechin alleged Ulyukaev had previously named as the price for dropping his resistance to the Bashneft acquisition. As Ulyukaev left, he was promptly detained by the waiting officers, placed under house arrest, and sacked by Putin.

“All the materials collected in the case prove that I did not commit any crime,” Ulyukaev said in his final statement. “I am a victim of a monstrous and cruel provocation. In it, the aggrieved party first turns into a witness and then loses that status . . . He disappeared, and only the smell of sulphur remains in the air. A false witness. Provocateurs spent a lot of effort and money in order to slander an innocent person, to entrap him into a trap, to carry out reprisals . . . Long ago, it was said: ‘For whom the bell tolls’. Now I want to say that the bell can start to toll for any of you. Now it is very easy. A bag, a basket, a badly shot video — and you are done,” he warned. “To open this Pandora’s box is easy, but it will be difficult to close.”

During the course of the battle over Bashneft, rumours had swirled around Moscow as to Putin’s opinion on the drama. Had Sechin gone too far this time, or did he have the president’s implicit blessing for the public defenestration of one of his ministers and the financial squeezing of a private entrepreneur? In September the president broke his silence, stating that he thought an “amicable agreement” to the legal battle between Sechin and Yevtushenkov would be beneficial to the Russian economy. That suggestion was initially ignored.

Then, at his annual press conference in December, Putin used a question over Sechin’s no-show at the Ulyukaev trial to issue a subtle admonishment of his long-time aide and steadfast ally: “Sechin

should have come to court. What is the problem anyway?" But if Sechin felt slighted, he did not show it. In a court case that had pitted his word against another's, he had triumphed without even having to take the witness stand.

Three days after Ulyukaev had been sentenced, and fresh off a flight from meetings with Cuban and Venezuelan leaders Raúl Castro and Nicolás Maduro, Sechin chaired a press conference in the Black Sea resort of Sochi. After a short speech about Rosneft's future investment plans, he promptly stood up. "Sorry, forgive me," he said, smiling as he bustled out past the dozen or so reporters who had flown in from Moscow. "I must work."

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