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Vladimir Putin's Kremlin will complete the creation of the world's largest energy corporation, comprising of natural gas giant Gazprom, Rosneft, possibly Sibneft and the largest production unit that was part of Yukos.

Mikhail Khodorkovsky, former head of Yukos and on trial for fraud, tax evasion, and embezzlement, will be sentenced to at least 10 years in prison.

Russian-American relations will not improve, nor will they worsen. The administration of George W. Bush will continue to engage Russia via the close personal relationship Bush and Putin have. While not a supporter of the war in Iraq, the Kremlin will support American efforts to stabilize the political and security situation there.

The Kremlin will not embark on another large-scale campaign against the country's oligarchs. However, when Russia's Audit Chamber releases its report on privatization of former Soviet assets in spring, some re-ordering of privatizations will result.

Having consolidated and re-organized the energy sectors under Kremlin control, Putin will push a new agenda to reform the state's administrative apparatus. This reform agenda should be seen as part of Putin's drive toward centralized control and the creation of a unitary state.

The status quo in Chechnya will largely remain the same. However, there is hope that Putin will follow through on his recent announcement that Russia will invite European institutions to assist Russia to find a lasting settlement in the war torn republic.

The possibility of another large-scale terrorist attack akin to the Beslan tragedy remains high.

Russia's economy will continue to expand. Administrative reforms will attempt to help Russia diversify its economy away from heavily reliance on the energy sectors. The middle class will also continue to grow on the back of higher wages and, hence, expanded spending power.

The Kremlin will tread more carefully in the post-Soviet space. Miscalculation in Ukraine's domestic political affairs will translate into a more sophisticated approach when dealing with change and continuity in what the Kremlin calls the "near abroad."

While continuing to engage European institutions on a wide array of issues, Russia will strengthen ties with China and India through trade and joint ventures in Russia's energy sectors.

The Kremlin will work with Ukrainian president Viktor Yushchenko. Far from "loosing Ukraine," Russia and Ukraine will develop a more modern and mutually beneficial relationship based on democratic values and trade.

Russia's political opposition may not unite behind one party or one political figure, but will formulate a unified agenda in competition to the Kremlin's. There will be no "orange" or "people's" revolution in Russia, but Russia's civil society will start to be politically more self-confident.



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