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In British PM Race, a Former Russian Tycoon Quietly Wields Influence

By Reuters

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Boris Johnson, Alexander Temerko. **Flickr / MT**

For almost a decade, Alexander Temerko, who forged a career at the top of the Russian arms industry and had connections at the highest levels of the Kremlin, has been an influential figure in British politics. He's one of the Conservative Party's major donors. He counts Boris Johnson, the frontrunner to be Britain's next prime minister, among his friends.

Temerko, born in what was then Soviet Ukraine, presents himself in public as an entrepreneur who opposes Britain's departure from the European Union because it's bad for his U.K. energy business, and as a dissident critic of Russian President Vladimir Putin.

But in more than half a dozen conversations with this reporter, conducted over the past three years as part of research for a book, he showed a different side of his career and views.

Temerko revealed himself to be a supporter of Johnson's bid to lead Britain out of the EU,

describing the 2016 public vote to leave the bloc as a "revolution against bureaucracy." He praised senior Russian security officials, including the current and former heads of the Federal Security Service (FSB), successor to the KGB, and proudly recalled his past work with Russia's Defense Ministry.

These new insights into Temerko's private thinking about Johnson, Brexit and Russia come as the ruling Conservative Party is choosing its next leader, and as some British MPs are increasingly wary of possible Russian influence over British politics.

The result of the Conservative Party leadership contest is expected on July 23.

Temerko has gifted more than £1 million ($1.2 million) to the Conservatives since he gained British citizenship in 2011, electoral finance records show — a significant amount by U.K. standards.

Johnson is not among the politicians recorded as having received donations from Temerko. But the industrialist has financed some of Johnson's important allies in parliament, including one of the men running his campaign for the Tory leadership, James Wharton, who also serves as a paid adviser to the U.K. energy firm where Temerko is a director.

Temerko spoke warmly about his "friend" Johnson, telling how the two men sometimes call each other "Sasha," the Russian diminutive for Alexander, which is Johnson's real first name. He described how, at the beginning of Johnson's tenure as Foreign Secretary from 2016 to 2018, they would often "plot" late into the evening over a bottle of wine on the balcony of Johnson's office at parliament in Westminster.

Johnson's press secretary Lee Cain didn't respond to repeated requests for comment for this article. The Conservative Party said only that "donations to the Conservative Party are properly and transparently declared to the Electoral Commission, published by them, and fully comply with the law."

In one conversation in February this year, Temerko said he'd joined an unsuccessful attempt led by members of a group of hardline Conservative MPs, the European Research Group, to remove Theresa May as leader in December 2018. The MPs were unhappy at May's failure to take Britain out of the EU almost three years after Britons voted to leave.

Temerko didn't detail his role in the move, but a senior Conservative Party member confirmed that Temerko was "very much behind the attempt to oust" May. The party member declined to be named because of the sensitivity of the matter. May finally resigned on June 7.

Jacob Rees Mogg, chairman of the European Research Group, said in response to questions that Temerko "has no link formal or informal" with the group. Rees Mogg said he didn't know Temerko, but couldn't speak for Temerko's relationship with individual MPs. May's office referred questions about the episode to the Conservative Party, which didn't comment.

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In the same conversation in February, Temerko spoke in positive terms about one of Putin's closest and most powerful allies, Nikolai Patrushev, the hawkish head of Russia's Security

Council and former long-time head of the FSB security service, describing him as a "decent family man." On another occasion, he said of Patrushev, "There is much more positive than negative about him."

One of Temerko's former business partners in Russia, Leonid Nevzlin, said Temerko had long-standing ties with Russian security agencies, but declined to say whether he believes those ties remain active. Nevzlin and Temerko were shareholders in oil firm Yukos, before Putin's government seized control of the company.

Nevzlin, who was one of the main shareholders, said Yukos's management brought Temerko in "for several projects as well as for his contacts at the top of the Federal Security Service and the Defense Ministry." Nevzlin added that Temerko knew Patrushev "well."

Asked to respond, Temerko said in a follow-up interview this week that his role at Yukos encompassed the oil company's connections with the entire Russian state, not just with the Defense Ministry. His relations with people in the security services, he added, were "formal" and not "personal." He denied having any ongoing links with Russian security services.

Kremlin spokesman Dmitry Peskov said Temerko "has no connection to the Kremlin or the Russian authorities. We do not know this gentleman." Reuters couldn't reach Patrushev for comment.

Asked this week about the apparent contradiction between his private and public statements on Brexit, Temerko said his views changed with time and he was "evolutionary." He said he joined the push to oust May because he thought she should be more flexible in negotiating a route out of the EU. After publication, Temerko's legal representatives wrote to Reuters saying the article was "inaccurate" and "defamatory." In a statement, Reuters said, "We stand by our story."

In recent weeks, as Johnson's campaign gathered pace, Temerko has appeared to distance himself from his friend. In an interview with the Daily Telegraph in June, Temerko said he was switching support from Johnson to his rival, Foreign Secretary Jeremy Hunt, over Johnson's apparent willingness to take Britain out of the EU without securing an agreement over the terms of the withdrawal.

Temerko repeated this stance in a blog post for the Huffington Post on July 3, calling for Conservatives to reject the "fairytale" being offered by the "fun blonde guy," a reference to the fair-haired Johnson.

As recently as February, Temerko told this reporter: "Jeremy is very dangerous. He really does occupy the center ground. He's very clever. He's a person of the system." There is no record of Temerko providing any financing to Hunt, and none of Temerko's longstanding allies work on the Hunt campaign. A spokesperson for Hunt declined to comment.

In the February 2019 conversation, as May faced overwhelming parliamentary opposition to her EU withdrawal agreement, Temerko forecast that if Brexit isn't implemented, "the time of the mainstream parties will end," and "the old system will be destroyed." His friend Johnson, he predicted then, could lead a new movement backing Brexit.

Those comments about a new political era chimed with remarks by Russian President Vladimir Putin. In an interview with the Financial Times in June, Putin trumpeted the rise of national populist movements in Europe and the United States, saying that "the liberal idea has become obsolete."

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"*Temerko rose to prominence in the Russia arms industry in the 1990s, in the wild days that followed the collapse of the Soviet Union.*"

Putin has rarely commented directly on Brexit, which he says is a matter for the British people. At his annual press conference in December 2018, he decried the idea of holding a second referendum on Brexit and said the U.K. government had to implement Britain's departure from the EU, otherwise faith in democratic procedures would be undermined.

From Russia to London

Temerko rose to prominence in the Russia arms industry in the 1990s, in the wild days that followed the collapse of the Soviet Union.

Three former Russian business partners, including Nevzlin, as well as a former Russian intelligence officer, said Temerko grew close with the Russian security services. Those ties were forged in the 1990s, these people said, when Temerko served as head of a state committee for the military and later as head of a strategic Russian state arms company known as Russkoye Oruzhie, or Russian Weapons. Russkoye Oruzhie no longer exists.

Temerko cultivated close relations with the Russian defense minister of the early 1990s, Pavel Grachev. Temerko has described the late Grachev as his "handler." Temerko has boasted to this reporter that he himself had three-star and four-star Russian generals working under him.

In 1999, Temerko became a member of the board and significant shareholder at one of the new Russia's most successful companies, Yukos, led by the charismatic billionaire Mikhail Khodorkovsky. Temerko said he helped Yukos secure a lucrative contract to supply the Russian army with oil.

As head of the oil firm's government relations, he'd also led a push by Yukos to build an oil pipeline to China and, according to one of the former business partners, he'd travelled with other Yukos officials on many business trips they made abroad.

"He knew the Russian ambassadors and consuls of every country," this former business partner said. Temerko said he knew many but not all of them.

Things went sour for Yukos when Khodorkovsky tried to build a political power base for himself.

When Khodorkovsky was arrested and jailed on fraud charges in October 2003, Temerko was

the only Yukos shareholder who remained in the country to negotiate with the Kremlin. The remaining shareholders fled fearing they would face arrest.

Temerko told how his standing with the Kremlin was such that he was able to try to negotiate about ways to preserve Yukos and secure Khodorkovsky's release directly with Igor Sechin, the then-deputy head of the Kremlin administration and the Putin security man seen as the mastermind behind the Kremlin campaign to take over Yukos.

Temerko said that in those days his status meant he was essentially untouchable. His security ties, he said, once got him access to a meeting of the Russian Security Council, the circle of 24 top Russian officials, chaired by Putin, who steer national security policy.

In the event, Khodorkovsky remained in jail for 10 years, while Temerko also fled. Sechin has previously denied orchestrating the legal campaign to take over Yukos. Sechin could not be reached for comment for this article.

New friends in high places

Temerko arrived in Britain in 2005, saying he was a refugee from the politically charged takeover of Yukos. The Russian government had charged him with defrauding the state oil major Rosneft. Temerko denied the charge, saying the case was part of the Russian government's campaign against Yukos and its former top managers.

"*Temerko paid £90,000 ($112,000) for a bronze bust of Cameron at a fundraising auction in 2013*"

The High Court in London declined a Russian request for Temerko's extradition in December 2005, saying it was politically motivated. The case bolstered his standing as a Russian dissident who'd suffered at the hands of the Russian state, helping secure his footing as a donor who could be trusted.

Temerko won entrée to the top of the Conservative Party during David Cameron's premiership that began in 2010. At the time, according to Russian financier and Conservative Party activist, Sergei Cristo, the Tories were seeking new sources of cash following the 2008 financial crisis. Temerko paid £90,000 ($112,000) for a bronze bust of Cameron at a fundraising auction in 2013, now displayed at the Carlton Club, an exclusive London private members club. Cameron couldn't be reached for comment.

Temerko's donations translated into access. In 2014, he was appointed by the local branch of the party as a vice-president of the Cities of London and Westminster Conservative Association, which delivered even greater opportunity to mix with leading Tories.

Temerko also became part of Conservative Party donor club The Leader's Group, where £50,000 in annual membership fees grants access to the prime minister and other senior ministers at dinners, cocktail receptions and other events. In the conversations of the last three years, Temerko boasted he played an important role in securing election victories for

the Conservative Party at a time when it "was fighting for every vote."

Together with OGN Group, a major steel manufacturer in the UK's northeast, where he served as director, he said he'd sponsored 40 members of parliament in previous elections. "My business was one of the biggest businesses that supported the Conservative Party and its deputies in northern England," he said in the February 2019 conversation, adding he'd brought in supporters from Britain's East European minority. OGN Group is now in liquidation. The Conservative Party didn't comment.

In public remarks, Temerko has consistently said he opposes Brexit because it will damage his UK business interests, which now center on a firm, Aquind Ltd, developing an undersea electric power link between Britain and France. On his website he says he is a "vocal supporter" of British membership of the EU.

While Temerko has publicly spoken out against Brexit, and has made donations to parliamentarians who campaigned to remain in the EU, at least two Conservative politicians close to Temerko played key roles on the Brexit side in the run-up to the June 2016 referendum.

One of them is Wharton, a former Conservative MP who is overseeing Johnson's leadership campaign, at the same time as being a paid adviser to the power firm Aquind Ltd where Temerko is a director. In June 2013, Wharton put forward the parliamentary bill that first called for a referendum on Britain's EU membership.

Temerko made £25,000 in political donations to Wharton between 2013 and 2015, disclosures to parliament show, a relatively large figure for an individual British MP, helping fund his re-election in 2015 in a constituency neighboring Temerko's OGN Group steel works. Wharton didn't respond to a request for comment.

The minister of state for exiting the EU, Martin Callanan, served on the board of Temerko's Aquind from May 2016 to June 2017, at which time he joined the government. Callanan didn't respond to a request for comment.

In a conversation with this reporter in July 2016, shortly after Britons voted to leave the EU, Temerko was jubilant about the possibilities of Johnson leading Britain's exit from the bloc. By then, Johnson was the most powerful figure in the "Leave" campaign.

"We know that if Boris is our elected leader then our party membership will grow. There would be massive support for our party at election," he said at the time. The vote to leave the EU, he added, was "a revolution against bureaucracy."

During the same conversation, Temerko said "a group of East European businessmen" had helped sway Johnson into siding in February 2016 with campaigners for Britain's departure from the EU after months of sitting on the fence. But Temerko declined to name any of these East European businessmen and declined to repeat this comment.

Temerko's allies are at the helm of Johnson's campaign.

Wharton, the adviser to Temerko's power firm Aquind Ltd, has overseen the day to day running of Johnson's campaign, particularly in its initial stages.

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Gavin Williamson, the former UK defense secretary whom Temerko has frequently described as "a good lad," helped lead Johnson's campaign to win the support of his parliamentary colleagues to replace Theresa May. Conservative parliamentarians whittled the field down to two candidates in a series of votes in June before handing the final choice to the party's estimated 160,000 members. Williamson declined to comment.

Temerko says he is "friends" with political strategist Sir Lynton Crosby, whose firm, CTF Partners, gave Johnson a £20,000 interest free loan and a £3,000 cash donation late last year, according to a disclosure to parliament by Johnson.

A co-founder of CTF, Mark Fullbrook, is the Johnson campaign's chief executive. Crosby declined to comment. CTF says it isn't involved in the Johnson campaign and Fullbrook is on a leave of absence, working voluntarily for Johnson's leadership bid.

Temerko has said his days as a power player in Moscow are over. He has told this reporter he is now persona non-grata with the Russian authorities, especially after he publicly called in 2015 for the U.K. to supply weapons to Ukraine to assist it in its war with pro-Kremlin separatists on the grounds that only a show of force would stop the conflict.

"They consider that I am among those who directed the U.K. government against them. I am a warmonger. I am more of an enemy now than when I was in Yukos," he said.

Kremlin spokesman Peskov said he couldn't comment because he doesn't know who Temerko is.

Temerko retains at least one powerful connection, however.

One of Temerko's former business partners said the industrialist is in contact with Andrei Guryev, the owner of Russian fertilizer giant Phosagro. Guryev, too, has become a notable figure in Britain. He owns Witanhurst, a vast estate in Highgate in the north of London that is the U.K.'s second biggest house after Buckingham Palace. Guryev declined to comment.

Temerko confirmed his friendship with Guryev. "Guryev is a good guy," Temerko said. "He's a very nice character. He's a sportsman. He's a kind fellow."

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