

HARRIMAN INSTITUTE
ORAL HISTORY PROJECT

The Reminiscences of

Peter A. Charow

Columbia Center for Oral History

Columbia University

2017

PREFACE

The following oral history is the result of a recorded interview with Peter A. Charow conducted by Caitlin Bertin-Mahieux on November 22, 2016 and on January 5, 2017. This interview is part of the Harriman Institute Oral History Project.

The reader is asked to bear in mind that s/he is reading a verbatim transcript of the spoken word, rather than written prose.

ATC

Session: 1

Interviewee: Peter A. Charow

Location: London, England

Interviewer: Caitlin Bertin-Mahieux

Date: November 22, 2016

Q: This is Caitlin Bertin-Mahieux. Today is Tuesday, November 22, 2016. I'm here in London with Peter [A.] Charow, the vice president [for] Russia at BP. Peter, thank you so much for taking the time to meet with us today and to talk to us.

Charow: You're welcome.

Q: As I just mentioned, we usually like to start with a little bit of background about the individual that we're talking to. So I know you went to Swarthmore College, but I was wondering if you could tell me where you grew up, and how you became interested in studying in the Soviet Union in the first place.

Charow: Right. I was born in Central Massachusetts, grew up in the Boston area. When I went to Swarthmore—I mean, my family is Slavic; my father's side Russian and Ukrainian, and my mother's side Polish. When I went to Swarthmore, I was interested in learning a new language. I had studied French and Latin in high school. Swarthmore had a very, very strong Russian language program, and because of my Slavic background, I thought that might be interesting. So I undertook to learn the Russian language in my freshman year in college. That led to studying history, culture, politics, economics, all the things about Russia that make it so fascinating. I just

found, slowly but surely, like so many others I was sucked into it over time, and just found it tremendously interesting, and something that I just enjoy doing immensely.

Q: What was it that ignited this passion and really drew you in? What were the types of things that you were studying or discovering at Swarthmore?

Charow: Well, first of all, I had an extraordinarily charismatic Russian language professor, a man named Thompson Bradley, who looked exactly like Vladimir [I.] Lenin [laughter]. And just had an extraordinary aura of drama about him, in the way he approached teaching Russian language. But he was also very, very interested in the politics. He was, I would say in retrospect, a socialist by political leaning, and was, I would say, quite open about sharing his political views with others. Of course, it was the early 1970s, and radicalism was in the air in the United States. Swarthmore certainly had played a role of that with the founding of the SDS [Students for a Democratic Society], and so forth and so on. It was just, I think, natural that I became inquisitive about the history of Russia, the history of the revolutionary thought, the history of Marxism, and all of the things that that entailed. The more I dug into it, the more interested I became in it.

It was also, I would point out, a time when China was going through the beginnings of change. It was the time of the Cultural Revolution, but also while I was at Swarthmore, of course, the death of Mao, and all of the revelations that came in the wake of the death of Mao. So actually, at that time, my studies were somewhat broader, it wasn't just Russia. Although I never undertook Mandarin, I did spend quite a bit of time studying Chinese politics as well. So comparative Communism was sort of an interesting thing to look at at the time.

Q: You said that your family had Slavic roots. Did you have recent Eastern European immigrants from your—?

Charow: It's my grandparents.

Q: Grandparents, okay.

Charow: So no, there was—

Q: So growing up, it didn't feel particularly—

Charow: No. I didn't speak Russian growing up. I didn't have access to that.

Q: Food or culture and that—?

Charow: No. Well, on the Polish side of the family more so. My mother came from a large family. She had eight or nine siblings, so there were always these family gatherings where you would kind of get exposed to the cuisine and the culture, and so forth and so on. But none of them were speaking Polish at home; it was solely the fact that they lived in a Polish community in Central Massachusetts. And that became part of our growing up.

Q: At Swarthmore, you said you were comparing Communism between China and the Soviet Union. Swarthmore does have this reputation as a pretty liberal leftist campus, even to this day. Was that something that attracted you in that community always, or—?

Charow: It wasn't the reason I went to Swarthmore, if that's the question that you're asking. No, it wasn't the reason I went there. Swarthmore's roots are more in—it's not really leftism per se; it is the Quaker tradition at Swarthmore, which I think a lot of people mistake for leftism or socialism, or what have you. It's a very different set of roots than that leftist socialist leaning. In fact, there was really nobody at Swarthmore who taught Soviet politics, or Russian history, per se. The closest thing we had was a professor named Ken [Kenneth G.] Lieberthal, who taught Chinese politics, which may be why I was sort of drawn into the Chinese side of it as well. Because if I wanted to study Communist systems, Ken was the person to go to.

Even studying Marxism, there were political philosophy courses there. But it was more mainstream in philosophy. The closest you would get to Marxism would be studying the antecedents of Marxism and European revolutionary thought. But not Marxism, per se. When I wanted to actually study Marxism, I actually had to take a directed study with a visiting professor at the time, where I had to design my own course, basically, to be able to read the core readings of Marxism and to be able to understand it better. So it wasn't as if Swarthmore had this curriculum that naturally attracted me, because it was leftist-leaning, or about Communism, or about the Soviet Union, or what have you. While they did have a very strong Russian language program and Russian culture and Russian literature, it wasn't on the Political Science side in particular.

Q: At the time, what did you envision doing with your studies after college? What were your goals for the future?

Charow: Well, I guess the idea was that I was going to pursue a PhD, and that I was going to eventually end up teaching someplace at a university. There was really no opportunity in the mid-70s to think about moving to the Soviet Union, or going there to live, or pursuing a life there, certainly pursuing a business career there. I wasn't particularly interested in a business career at the time because, again, it was the 1970s. Those of us who grew up then, we didn't pursue business careers [laughter]. So it was perhaps less defined than would have been healthy, but nonetheless, it was this idea that eventually I would become a professor and I would teach at a university, and I would write books, and so forth and so on.

Q: Is that why you went to Columbia, then?

Charow: Well, I was—yes, I—

Q: Did you go right after graduating?

Charow: I took a year off in between. I did go to Columbia to pursue a PhD. Columbia certainly, at the time, with Russian Institute, if you wanted to study Soviet politics, that was one of a handful of places in the country that you would think about going to. But also, Swarthmore has this interesting program called the Honors Program which, at the end of your sophomore year,

you have to make a decision whether you want to pursue an “honors degree” or a normal “course degree,” as they called it. Honors degree means that for your last two years there, you don’t take normal courses. You only study through honors seminars. Honors seminars, you take two per semester, and typically you’ll have anywhere between five and eight or nine fellow students in a class with you. The seminars would meet once a week, typically for anywhere from four to six hours, oftentimes in the home of the professor. You didn’t take exams, per se; you would write a lot of papers. So typically you would write a paper every other week. What you would do is, you would distribute your papers to the other members of the seminar, and so they would have a chance before the seminar met to be able to read the paper. So you would sit in seminars and you would discuss the papers and you would critique the papers. You did just voluminous amounts of reading. It was a typical thousand pages a week type of thing, to prepare for these seminars.

The other aspect of this—which was, I think, out of the ordinary—was, you had no exams.

Because the idea was you were preparing over the course of those two years to take your honors exams, which would all happen at the end of your senior year. Swarthmore would invite in examiners from other universities to give the exams. So they would write the exams, you would sit down and you would write your exam papers. The outside examiners would read them, and then you would have an oral exam to defend what you had written in the written part of your examination.

So why am I going into all of this detail? Because one of my outside examiners at the end of my senior year at Swarthmore was Tom [Thomas P.] Bernstein, who was a professor at Columbia, and taught Chinese politics there. Tom I took an immediate liking to. I just thought he was both

an extraordinary scholar and just a genuinely nice human being. So I stayed in touch with him after I finished at Swarthmore. As I said, I took a year off and went off and did some other things, but stayed in touch with him. I also had a connection with Marshall [D.] Shulman, because he was the father of my sister's roommate at Harvard Medical School.

Q: Small world!

Charow: Yes. Small world. So anyways, I applied to all of the usual places, Harvard, Yale, Princeton and so forth and so on. But when the acceptance letters came, I got phone calls both from Marshall and from Tom expressing their desire for me to come to Columbia and study there. So it was kind of an easy choice for me. And New York City was attractive.

Q: Sure.

Charow: But yes, the Russian Institute just had such a great reputation. The people who were there, Seweryn Bialer, Zbig [Zbigniew K.] Brzezinski, John [N.] Hazard; it was the Mount Rushmore of Sovietology. There was just an extraordinary collection of intellectual capability in one place. Made it an easy choice for me. Yes, but I did go there, I enrolled in the Graduate School of Arts and Sciences in the PhD program, with the intention of doing a PhD there, but never finished the dissertation, actually.

Q: Who was the director of the Russian Institute when you got there?

Charow: I think it was Marshall when I first got there.

Q: Yes, I think he must have been back as director at that time. Yes.

Charow: Right. Yes. He was back from his stint in the [James E.] Carter administration.

Q: Exactly.

Charow: Right. But not long after I got there, Bob [Robert] Legvold took over.

Q: Okay. Yes. He's the one who actually recommended we talk to you.

Q: Bob remains a good friend. I have immense respect for him as well. He's a great guy.

Q: Yes. Okay, so you moved to New York, start in graduate studies, and it's now the late '70s—
right, or maybe even '80s?

Charow: It was around '80, yes.

Q: Around '80? So what is Columbia and the Russian Institute like there? Is it there a lot of
activity going on? Who's there? What types of courses are you taking?

Charow: As a student in the Graduate School of Arts and Sciences, I'm pursuing a degree in Political Science. So it's not just about studying the Soviet Union. In fact, it was still the Russian Institute at the time, because it was before the bequest came in from—

Q: [W.] Averell Harriman?

Charow: Yes, Averell Harriman's family. So you had to go through the normal coursework that you had to go through to get—so I was studying comparative politics, and everything from European politics to American politics to—and obviously with a focus on the Soviet Union, and some Chinese politics and comparative politics courses as well. Studying history with Leo [Leopold H.] Haimson, who was an extraordinary individual. And just trying to absorb as much as I possibly could.

Q: Who were your peers who were in these classes at the Russian Institute? Do you—?

Charow: You mean names, or—?

Q: Yes. Did they become a part of your network personally or professionally later?

Charow: Well, there were three of us who were simultaneously students of Seweryn Bialer's. Seweryn referred to us collectively as, "his boys." It was myself, Richard [F.] Kaufman and Michael [S.] Klecheski. Richard finished his PhD and then went off and did a law degree on top of it, and is a very successful lawyer in Manhattan now. I think he originally went to work for

Simpson Thacher; I'm not sure where he is now. Michael headed off into diplomatic service and still works for the U.S. State Department. I'm not sure where he's posted now. I haven't seen him in probably five or six years.

But, you met all kinds of people. Because if nothing else, you were in classes together with people who came from a lot of different schools at Columbia, whether it was the School of International Affairs, or whether it was the law school. People would want to take courses for whatever reason. Certainly you had a lot of law students taking John Hazard's courses, because he was such an icon. The fact that he had lived in the Soviet Union in the 1930s and studied there is—yes, he was an extraordinary individual.

Q: As one of these boys, what was your relationship like to Bialer, or to the mentor? Was he your advisor?

Charow: He was my dissertation advisor, yes. It was a very close relationship. We all spent time as his research assistants and teaching assistants, and so forth and so on. So yes, we were very, very close to Seweryn. In fact, originally my first steps into the business world were through him, because he had set up a small consulting firm with someone who worked on Wall Street, someone named Don Freimark [phonetic]. I ended up doing work for Don, and when I was taking institutional investors later on in the '80s over to the Soviet Union and to Eastern Central Europe, it was Don's clients that I was escorting over there. So yes, very, very close working relationship with Seweryn. He was almost a father figure to us. He was just an amazing individual.

Q: What was your thesis on?

Charow: My thesis was on Soviet preparations for World War II; in other words, how they built their heavy industrial base. Seweryn was very interested in Soviet military. I don't know how much you know about his background, but he—of course, Polish by background, lived in Poland for many, many years, worked in the central committee structures of the Polish United Workers Party, which was their Communist party. Because he had lived in Poland through World War II, he had a deep, deep interest in military affairs and in military history. So it was hard to avoid it [laughter] if you were working with him.

Q: During your studies, were there any opportunities to travel to the Soviet Union?

Charow: I spent a year at Leningrad State University as a Fulbright scholar. So I did—

Q: Yes, during that time, yes, which must have been kind of an incredible opportunity, because the Soviet Union was still relatively closed off at that point.

Charow: It was. Gorbachev had just been elected general secretary of the Communist party. It was a time when the policy of Glasnost was being introduced, so openness. But before, Perestroika had been defined and pursued, or implemented as a policy. It was an amazing time to be living there. In retrospect, I realize how amazing it was. I mean, I knew it at the time. It was a tough time to be there, because it was—the Soviet Union had started to kind of come apart at the

seams. Even just basic day-to-day life was a real challenge there. I lived in a dormitory, and just finding food to eat every day was a challenge.

Q: Wow.

Charow: Yes. First of all, as university students, so to speak—well, first of all, you're very busy, so it's not as if you can spend your days running around to the shops looking for food. Second of all, there were not very many restaurants in those days. Very, very few restaurants. So we had a handful of restaurants we would go to, but you never knew even if the restaurants would have food. You never knew if the restaurant would be open when you would show up at the door. We didn't have mobile phones, so we couldn't—

Q: Right, call ahead.

Charow: —call the restaurant to book a table. Oftentimes you'd walk into a restaurant, and the restaurant would be empty, but they'd say they didn't have any table for you, just because they didn't have anything to serve you.

It was interesting in that respect. But it was an extraordinary time to get to know the country, because it was so open. The people were so open to foreigners being there. They had been shut off from foreigners for so long. There was almost an incredibly endearing naiveté about it, that if you were a foreigner, you were welcome automatically. I made so many friends while I was there, some of whom I continue to stay in touch with. It was just a very simple time, in a way;

there were no complications. I mean, there were complications in terms of day-to-day life. How do you feed yourself? [Laughs]

Q: That's a big one.

Charow: But not the geopolitical complications that we find ourselves living with today. So yes, it was a great experience, and something that will never be replicated, because, of course, that world is gone. You can't experience that again.

Q: What were people there—what were they curious about? About you and about the U.S.? What were they asking you? What were you shocked that they didn't know about the outside world, I guess?

Charow: First of all, I was surprised by how much they knew, because they did know quite a bit. Second of all, they weren't interested in politics. They were just interested in life, and getting to know people. They weren't interested in what your political beliefs were, your political leanings, or so forth; they were just interested in who you were as a person, and whether you could find common ground, whether you could find things to talk about, whether you could find common interests.

I have always had a great interest in music, a variety of ways, different kinds of music. And I found myself naturally attracted to a lot of the musicians in Leningrad at the time. The arts community was just exploding, because all of a sudden these people who had been living

underground for years could come out and perform and exhibit, and do whatever they wanted to do, and no one was saying no to them. Anatoly [A.] Sobchak was the mayor of Leningrad. He was a great reformer, and someone who felt very strongly about arts and culture, and these people were just allowed to pursue whatever they wanted to pursue.

Q: Did that mean it was on display? That there were concerts, and—?

Charow: Yes, yes. Absolutely, yes. Yes.

Q: That's great. Besides having trouble finding food, I was wondering if you could describe other day-to-day challenges, or other surprises about studying in Russia at the time.

Charow: I think the day-to-day challenges—getting around was a bit of a challenge. There was a public transportation system, and it often worked very well. In those days, you often just depended on the Chastniki. There were no taxis. So if you wanted to get someplace, you could just stand out on the street waving your hand, and a private car would pull over. You would negotiate a price to take you to wherever you wanted to go, because the drivers of the cars were often doing this just to make a little extra money.

Leningrad in those days was quite run down. They've done a phenomenal job of renovating the place. You go to St. Petersburg today, and it's a completely different city. But in those days, a lot of the buildings were in very, very bad shape. These were gorgeous architectural examples that came from the eighteenth and nineteenth century that had just been allowed to deteriorate under

Soviet power. You could walk into these buildings—you would go to visit your friends, and they lived in communal apartments, which meant the authorities had taken a large apartment and put multiple families in the same apartment. So you'd share a bathroom, you'd share a kitchen, and then you would have a room or two allocated to your family. You could see the splendor of these buildings by going into them. But of course it was deeply disguised underneath many, many layers of just neglect and accumulated grime and dirt, and so forth and so on.

The particular dormitory that I lived in was one of the buildings that had been built in the post-war era during Khrushchev's time. These were called, actually, Khrushchevniks; they were buildings that were very much associated with him. They were all exactly the same, they were five stories tall, walk-ups, no elevators. Just these blocks. Very small rooms, low ceilings. You had sort of a—not a bathroom, but a toilette on your floor that was shared by everybody on the floor. You had a communal kitchen on your floor that was shared by everybody on your floor. Showers, you had to go down to the ground floor to take your shower. It was like a locker room. It was a big shower room with multiple showers in it. Also, if you had laundry to do, there was a facility [laughs] down there to wash clothes. I wouldn't call it a laundromat, because basically you were given a tub of water that you could put your clothes in, and you had to do it all by hand.

Q: Oh, wow.

Charow: Yes. So it was pretty primitive.

Q: So no modern conveniences.

Charow: No modern conveniences whatsoever. But it was—my God, what better way to learn how these people were living. We knew full well that living in the center of Leningrad, the second capital of Russia, our lives were actually far better than the vast majority of the people who were living in the country, who had much less than the people living in the capital cities had. So it was an eye opener. It was definitely an eye opener.

Q: Were you able to travel around the Soviet Union during that time?

Charow: We had—no.

Q: See outside of Leningrad? No?

Charow: We had restrictions.

Q: Okay.

Charow: Your visa was good for Leningrad. You had a thirty-kilometer radius around the city that you could travel to.

Q: Wow. Okay.

Charow: Even when I went down to Moscow, which I did a couple of times in the course of the year—when Seweryn would come to Moscow. I would go down to see him. I had to go to the Inotdel, the Foreign Student's Department of the University to get a special visa to allow me to get on a train and travel down to Moscow.

Q: Just to a different city.

Charow: Yes. Right.

Q: Wow. Okay [laughter]. That paints a picture. Yes.

Charow: Life is different today.

Q: Life is different. So this whole year, you're speaking and living in Russian. So I assume your fluency was there before, but it's probably strengthened by this immersion.

Charow: Oh, yes, definitely strengthened. I did at Columbia—Columbia had something called the Russian Practicum, which was a summer program. Eight weeks of intensive Russian over the course of the summer, where basically you're in class from eight-thirty in the morning until four-thirty in the afternoon, and then you're doing homework until midnight. It was just intense Russian. So I did that for two summers to help prepare for this.

Q: Intense, but effective.

Charow: [Laughter] Yes, right. Yes. But there's nothing that can replace actually living in the environment, and being there and speaking the language day in and day out. You just learned it in ways that you're never going to learn it in the classroom.

Q: So then you come back and continue your studies at Columbia, right?

Charow: Well, I came back, and I actually became Bob Legvold's deputy as deputy director of the Harriman Institute for a year.

Q: Yes, so tell me about that.

Charow: Well, it was probably a mistake in retrospect [laughter].

Q: Why do you say—?

Charow: Not because of anything wrong with the institute, or Bob who, as I said, I have great affection for. But to be working a full-time job and thinking I was going to write a doctoral dissertation at the same time was just not very clear-headed on my part.

Q: Which year was this, by the way?

Charow: This would have been, I guess, '87, '88.

Q: Okay. Oh, interesting. What did being deputy director mean?

Charow: Well basically, Bob was responsible for all the academic programs and all the academic activities and so forth. I was responsible for running the business, so to speak. So, working with the university and how we got all our revenue, and what the revenue was spent on, and budgeting, and hiring people and firing people, and making sure that all the scholars who were there had sufficient support to be able to do what they were there to do, and just sort of keeping the place afloat.

Q: What was the situation like then? Where was money coming from? Were there any kind of internal struggles with other institutes, or School of International Affairs, and everybody fighting for the same pie—?

Charow: I don't recall any struggles.

Q: Yes? Okay.

Charow: No, it wasn't really that way. First of all, Harriman was blessed with the Harriman bequest.

Q: Yes.

Charow: That sort of took any of the uncertainty out of it. So yes, you had to work within the boundaries of what was there in the bequest, and what was the income that it was throwing off. But most people who were coming in as scholars, they knew what they were getting when they walked in the door, so it wasn't as if it was that difficult to sort out. You did have to work with personalities. These are scholars at the end of the day [laughter]. Some of them were delightful and a joy to work with, and others were a bit more demanding. But that was okay.

The Harriman always had a very close relationship with the Research Institute on International Change, which was, at that point, Seweryn's institute. It was founded originally by Zbig Brzezinski. But we're one floor apart, Harriman on the twelfth floor and RIIC on the thirteenth floor. We were always running up and down the stairs, in between the two floors.

It was fine, but as I said, it was just probably a miscalculation on my part to think that I would be able to work full time and write a doctoral dissertation.

Q: It's a lot.

Charow: Yes. It was a lot.

Q: What were the types of programs that were going on at the Harriman at that time?

Charow: There were regular speakers, there were regular seminars, there were—I remember the television was a big deal. It was in the room next to my office, and all the students were in there

watching Soviet television all the time. Which is great, because it was great for the language, it was great for the culture, it was great for understanding.

Q: A window into the world.

Charow: Yes. Exactly. But mostly it was about the visiting scholars coming in and having a place. And the faculty members who were housed in the institute, and they were teaching their regular courses. There were always, as I say, either seminars or luncheons, or things where people would gather together, and some outside speaker would come in, or maybe an internal speaker would present some work that was currently underway. It would provide a venue where people could engage and discuss things. So a lot of give and take, a lot of discussions. A fair amount of arguing, but healthy stuff.

Q: Good.

Charow: There were always people coming down from Harvard or over from Princeton. Less so from Yale. I think the Soviet Studies program at Yale in those years was not as strong as it was at Harvard, Kennan Institute, at Princeton and Columbia. Columbia was really sort of the top of the heap at that point. You just couldn't argue with the roster of faculty members who were there, just very, very impressive.

Q: It also must have just been an exciting year timing-wise, at the end of the '80s.

Charow: Yes, absolutely.

Q: Was that feeling of change and possibility in the air at—?

Charow: Oh, it absolutely was, because no one knew where it was going. No one knew what was going to happen. We were very, very much steeped in the belief that the Soviet Union was there to stay, and it was never going to go away. In fact, I remember Seweryn writing in his book, *Stalin's Successors*, which was probably his most famous book, that the Soviet Union was like a jeep, that it was never going to be smoothly functioning, but it would also never break [laughter].

Q: That's a great metaphor.

Charow: Right. Then all of a sudden, it broke, and the world changed. My life changed at the time as well. [Laughs] I guess this was one of the greatest legacies from my family, from Harriman Institute [unclear], was Seweryn hired a young lady to run his institute for him, who has now been my wife for twenty-eight years. So as all this change was going on in the Soviet Union and so forth, and the world, we got married and then had a couple of kids. It was just clear to me that I needed to go get a job [laughter].

Q: No more PhD.

Charow: Right. But it was fine. As I said, the world had changed. Part of what sunk in, to me—it was sort of my personal epiphany from the collapse of the Soviet Union—was that basically, as I

said, here I am sitting at the Columbia University at the Harriman Institute for Advanced Soviet Studies, and basically we all got it wrong. And not only us. Harvard, they all got it wrong. The CIA, they all got it wrong. Nobody foresaw the collapse of the Soviet Union. But for me, what it meant was a world of opportunity opened up that hadn't been there before.

In June of 1987, I left Leningrad thinking, "I have no idea when I'm going to be back here again." And if I do come back, it's going to be for a short visit because I'm bringing a group of investors over, or because I am on a visit, right? But then, you could do business in Russia. You could set up a business, you could work with your Russian partners, you could advise other people in the West who wanted to start businesses in Russia. I just came to the conclusion that I can sit on a very bucolic American university campus someplace, studying the part of the world that I find so fascinating. I can publish articles and publish books, and I can probably go visit there once or twice a year. Or, I can just go there. Because what is taking place in that country right now is a historical transformation, the likes of which I will never again witness in my lifetime. This is something that happens once a century, if that.

Q: If that.

Charow: The idea that I could go live it, and participate, and observe it up close, and perhaps be a part of it was just absolutely compelling to me. So Marshall had introduced—Marshall again [laughs] emerges—had introduced me to a friend of his who was in the business world, a guy named Simon Chilewich, who ran a trading company in White Plains, New York. And why is this relevant? It's relevant because the company had been founded in the Russian city of Pskov

in the 1880s, by Simon's grandfather. Jewish family, traders, and Simon's grandfather had the prescience to uproot his family and leave Russia in 1916, move to Warsaw. Then after twenty years in Warsaw, he wasn't feeling so good about things [laughs]. So he packed up his family again and moved them to New York City. But when Khrushchev came to power after Stalin's death—and at the Twentieth Party Congress of the Communist Party in 1956, he gave his so-called “secret speech,” denouncing Stalin's crimes—Simon had the presence of mind to view this as an opportunity. He went back to the Soviet Union, to Moscow, and started to re-form the connections that the family had had fifty years earlier, forty years earlier.

So Marshall introduced me to Simon. Simon hired me, originally to live and work in Westchester, but traveling to what was still, I think, the Soviet Union at that point. Basically, trying to trade whatever there was to be traded. We traded a lot of food products, we traded a lot of machine parts, we traded a lot of commodities. After about a year or two of working for Simon in White Plains, he called me into his office one day and said, “I just got off the phone with the head of the office in Russia, and he's just resigned.” He said, “Would you like to go to Moscow and head our office there?” I said, “I think I'd better talk to the wife about this.” [Laughter] But anyway, she—Lorraine had, after living most of her life in New York City and being a New York City girl, had moved to Westchester with two very small children, and was not enjoying the suburban life.

Q: So, yes, Moscow! [Laughter]

Charow: So she said, “Fine. I’ll go for a year. See what it’s like.” We packed up—and this was in 1992, I guess, the end of the year in 1992—and we moved to Moscow. It was still a very difficult place to live.

Q: Did you worry about that at all? That it would be still quite similar to your student experience, and now with a young family, how that would work?

Charow: Well, I did worry about it. I was mostly worried about safety. I’d been to Moscow quite a few times in the intermediate years, and I knew that the place had changed quite a bit. But it was still not an easy place to live. It was very, very much in the state of transition. And the country was very, very poor, and the city was very, very poor. The people were poor. And it wasn’t easy for a trailing spouse and little kids. Lorraine spent most of her time just trying to find food to put on the table.

Q: That again.

Charow: Right. I always said, “I’m a businessman, my wife is a hunter-gatherer.” [Laughter] But she was game. She’s a very adventuresome type, and she was up for it, and she made the best of it.

Q: Did she speak Russian as well?

Charow: No. No, no. She had nothing—my wife was born in Casablanca, in Morocco. She is a native French speaker.

Q: Okay. So, no.

Charow: No [laughter]. There was none of that. She just happened to be hired by Seweryn Bialer. But we stayed there for thirteen years, and watched an incredible transformation in the country. My girls grew up, and my son was born. In retrospect, what more could you have asked for? What more could you have asked—you could have asked for food [laughter]. But it was just such an extraordinary experience for anyone who was interested in history. To watch and be part of the transformation that was taking place in that country, was—this experience couldn't be replicated anywhere else. I suppose China, if you had moved to China in a certain point in time, you could have experienced something similar to that.

Then after a couple of years there, working for Simon Chilewich. I was approached—well—

Q: Before we get into the next step, I do have a question about your decision to leave the Harriman and your studies, to go into the business world and to take advantage of these new opportunities. Was that difficult to articulate there? Or were people understanding, that since everything was changing, of course you'd want to go? Or was there any resistance from your advisor or other faculty about leaving the academic bubble?

Charow: No. I don't think there was resistance. I think everybody understood that it was a new world. There was a lot of change going on. There were a lot of changes in terms of people leaving, new people coming. A lot of the core faculty members who had defined the Russian and Harriman Institutes—John Hazard passed away, Leo Haimson retired, and Marshall retired. Zbig started spending less and less time there. Even Seweryn was spending more time up in Massachusetts at his home there. He was married to a Russian historian, Joan Afferica, who was on the faculty at Smith College. He was spending more and more time up there. So I didn't really feel any resistance.

Q: You were still there at the time of the collapse of the Soviet Union, is that right?

Charow: Well, when do you define the collapse of the Soviet Union?

Q: I'm kind of wondering—you talk about this personal epiphany about how everybody missed this, and then something at the Harriman as an institute had to grapple with. I mean, talk about an identity crisis. Were you there to witness some of that?

Charow: Not really. No. I was kind of gone by then.

Q: Okay. Yes. Interesting time.

Charow: Yes, no, I'm sure it was. I'm sure it's still an interesting time [laughter], in a sense. You're talking about this scholar who's a Central Asian specialist taking over—but, of course, it's a different world. It's a different country. It's a different continent in many respects.

Q: Exactly. Yes. Different ways to remain relevant.

Charow: Yes. Exactly.

Q: Okay, just wondering. Okay. So Shulman connects you to Chilewich, and then you moved to Russia.

Charow: Right. After a couple of years in Moscow working for Simon, there was an American business community there, Bob [Robert S.] Strauss, the former head of the Democratic National Committee and one of the founders of Akin Gump and Strauss, the law firm.

Q: Oh. I just talked to Toby Gati from there.

Charow: Yes. I know Toby well, yes. Her husband, Charles [Gati], was one of my professors.

Q: Yes, I talked to him as well.

Charow: Right. Yes. Okay. Yes, so Strauss was the ambassador at the time. Strauss used to convene a luncheon of the heads of the American companies there on a monthly basis. At some

point, he started talking about setting up an American Chamber of Commerce in Russia.

Anyways, eventually there was a group of about fifteen companies that got together and put up some seed money and decided to set up an American Chamber of Commerce. Started a search process, hired a head hunting firm, Ward Howell, to hire someone to do this. Anyways, they approached me and asked me if I'd be interested in doing it.

Working, trading commodities was not really what I wanted to spend my life doing. I had lengthy conversations—and Bob Strauss was just leaving at the time, and Tom [Thomas R.] Pickering. Another extraordinary man for whom I have endless respect. I engaged in conversations with Tom, and with the search firm, and with these companies that were putting together the American Chamber of Commerce, and said, “Look, I have no idea what American Chambers of Commerce do. I never worked for one, I never belonged to one.” But I said, “I see that we have both a historical and historic opportunity here, because here's a country that is going through a transformation, and headed in a direction that the leaders of the country don't even really understand at this point. So for them to have a resource that they can trust and call upon to help them in understanding certain aspects of how market economy works, for instance, I think that this would be an incredibly unique opportunity for us to be able to create an organization that could step in at this point in history, to be able to help and support that transition.”

They bought into it. I mean, basically, what we did was, we set up the Am. Cham. as a policy organization. But not foreign policy, not strategic policy, but sort of, What do you need to know to create a market economy? We had a membership base, which was all these law firms, and

accounting firms, pharmaceutical, energy, fast-moving consumer goods—just everything across the board.

Q: And they're all in Russia at this point?

Charow: Yes, they're all in Russia. They're all working there. So if a committee in the state Duma, or a minister or a deputy minister needs to know something about, How do you tax capital markets? How do you manage the transition from state-sponsored extraction of natural resources to natural resources being extracted by private companies? How do you regulate a pharmaceutical industry? We said, "Let us help you." We would reach out to our member companies. And we started producing this series, that we called White Papers, on whatever topic the government was interested in learning about. We would feed them into the relevant ministries. It was just—I've never heard of anything like this in my life, actually, because basically, I had access to any minister in the cabinet of ministers; I had access to the prime minister, Viktor [S.] Chernomyrdin.

Q: This is in the [Boris N.] Yeltsin administration?

Charow: Yes. We just set up a situation where they trusted us and believed in us to give them the best possible information that we could provide about international experience in all these different spheres of activity.

Q: Wow.

Charow: Then on top of that, what happened was, Yeltsin and Bill [William J.] Clinton, in order to provide some structure to the bilateral relationship, they created something called the Gore-Chernomyrdin Commission. So they delegated, Clinton to his vice president, Yeltsin to his prime minister. The Gore-Chernomyrdin Commission was meant to be a way to manage the relationship between the two countries. There were committees set up under this commission for all different areas of activity. Some of it was military to military, some of it was space exploration, some of it was what you would normally think of as the business of two countries. But a lot of it had to do with business, and trade, and investment. And so all the parts of it that had to do with business and trade and investment were sort of delegated to us.

We were then providing these White Papers both to the Russian government, and to the US government, helping the US government understand the specifics of what was going on in Russia, so they could tool their policy in order to make it more relevant to what was going on in the country. We would work with both sides of the commission in order to make sure—I mean, basically, we were staffing this commission for the purposes of all the work that was going on in trade and investment. The commission would meet a couple of times a year, usually either in Washington or in Moscow, and we would have the opportunity to sit down before the entire commission, chaired by the vice president and the prime minister, and make presentations on various topics that they were interested in learning about. It was an amazing experience [laughter]. What can I say?

Q: That is amazing. Okay, so for the record, what does an American Chamber of Commerce usually do?

Charow: Well, normally they try to promote trade and investment between the countries. But normally, they don't get involved in policy issues. Well, certainly they will advocate. If you go look at the American Chamber of Commerce, the US Chamber of Commerce in Washington, DC, mostly they represent small and medium-sized businesses in the United States, and they actually do lobby for policy. We were never really lobbying. We, as I said—

Q: Were partnering [laughs].

Charow: —yes. We made a point of presenting ourselves as an objective source of information and expertise. We were not pushing—we would go and say, so how does taxation fiscal regime for oil and gas sector work? “Well, here's a half dozen examples of how it works in different countries around the world. You're going to have to choose what you think makes the most sense for Russia. But we just want you to have as much information as you can possibly have about how this works.” International financial reporting standards—believe me, I know very little about international [laughs] financial reporting standards. But I did give presentations to the prime minister and the vice president about international financial reporting standards, and why it would be beneficial for Russia to make the transition from Russian accounting standards to international standards.

I still say it's the best job I ever had in my life [laughs].

Q: Wow. So what were these relationships like with the ministers and the Russian government?

Were they completely open and grateful for the help? Were they—?

Charow: Well, different people reacted in different ways.

Q: Were they a little—?

Charow: No, I mean, for the most part, Viktor Chernomyrdin—again, somebody I have enormous respect for. He understood full—I mean, here's a guy who had been the minister of gas in the Soviet Union. He's basically the guy that created Gazprom. But he knew that there was a lot of stuff in this new world that he didn't know. He wasn't necessarily convinced that we were going to tell him everything he needed to know, but he was apparently convinced that we were going to tell him a lot of things that he wanted to know. And so he was absolutely open to it, and very friendly, and a very good guy.

Q: There was a level of trust, then.

Charow: Yes. There was absolutely a level of trust. Yes.

Q: Were you in any way a resource for American businesses operating in Russia, about how to navigate that environment, too?

Charow: Absolutely, yes. Yes. [Laughter] Absolutely, that's nominally what we were there for, right?

Q: That's what I was expecting [laughter]. Exactly.

Charow: At the peak, we had 450 members who were American companies who were operating in Russia. We set up a series of committees within the Chamber of Commerce, so there was the Energy Committee, there was the Accounting Committee, there was the Legal Committee, there was the Capital Markets Committee, there was the Pharmaceutical Committee, so committees for all of the industry. The member companies who were in those industries would become members of these committees, and that was where we got a lot of the fire power for generating these whitepapers, was through the committee structures. Because we could go to the chairman of the committee and say, "Well, we need a whitepaper on the following topic. Can you get your members to contribute to this?" As a rule, they would.

Q: What were the challenges for American businesses operating in Russia at the time? Was it just uncertainty and not having protocols and standards yet? Or was it—?

Charow: Well, it was a partially-formed legal system. Property rights were unclear. Taxation was very unclear. A lot of the tax laws that were written were not well-written, and in many cases they contradicted other tax laws that had been written. If you look at what you might call the business side of doing business, it was navigating your way through this maze of often-conflicting laws and regulations about how your business should operate in the country. There

were certainly instances of more aggressive tactics on the part of Russian companies going after Western companies, for whatever reason, because they wanted assets, they wanted the business, they wanted the customer base, what have you. That was certainly part of what was going on there at the time.

But I think mostly, for most American companies at that time, it was just trying to figure out how the place worked, and being confronted with all these bureaucrats, who also didn't really know how it worked. It was just complicated.

Q: Despite the complications and bureaucracy, was it still rewarding for these businesses to be there? Was there a lot of business to do?

Charow: Well, I think—depending on the business that you were in. For the law firms, it certainly was. For the accounting firms [laughter]—for the consumer goods firms, I think, as a rule. But you have to distinguish between the companies that were importing their products and selling them, and the companies that were manufacturing in the country, because that was a very different world. The oil and gas companies really struggled because Russia obviously has an incredibly rich natural resource base. But most of the Western companies that were coming in at the time were looking for what are called production sharing agreements, or production sharing contracts, which basically is a contract you sign with the government that defines your fiscal terms and defines your rights and obligations, and so forth and so on. So you weren't really operating in the country. You were kind of operating on this legal island that was ring-fenced from the rest of the economy. The Russians soon reached the conclusion that those didn't work

for them. I think there's only three PSAs [production sharing agreement] that are still functioning, Sakhalin I, Sakhalin II and Kharyaga.

Banking was really interesting, what was going on in banking, because a lot of the Russian businessmen picked up very early that banking was a way to make a lot of money really quickly. Particularly if you could get government accounts, state accounts, if you could control and handle government money, that was a way to make a lot of money really quickly. The Western banks were trying very hard to establish footholds in the country. But the legislation was not perfected yet, and it was hard for them to do that. So yes, I mean, it was not an easy time to do business. But it was, in some respects, a much more—I don't know what the right word is—there are more clearly defined boundaries now, but the edges are much harder, and you cannot cross those boundaries. In those days, there was always a negotiation to be had. Figure out how to get things done.

Q: And it got there very quickly, because I'm sure when you moved back in '92, the business world was just opening up and starting.

Charow: Yes.

Q: So the growth factor must have been amazing for American business companies in Russia.

Charow: For the ones that were successful, yes. Absolutely. A lot of the fast-moving consumer goods did very, very well there. Companies like Mars and Wrigley and Proctor and Gamble.

Yes, they did really well. Ikea, great success story.

Q: Ikea. We all love Ikea.

Charow: [Laughter] Right.

Q: So you said it's the best job you ever had. I think you were there for three years, right? About three years?

Charow: Three and a half, I think. Yes, from '94 to the end of '97.

Q: Why did you leave?

Charow: Partially it was—I guess there was a push and there was a pull. The push was that there was no place for me to go in the organization. It wasn't as if I could be promoted, because I was already the president. It wasn't as if I could go to another geography, because there was no other geography. There was no corporation where you could work your way up. So essentially, my job would never have changed. The pull was that I was approached by Amoco, the American oil and gas company, and asked if I could help them with some issues that they were facing in Russia. They knew about my networks and they knew about my connections in the government, and so forth and so on. They were struggling with a particularly difficult problem about an asset that

they thought they had acquired, but it turned out they hadn't really acquired it. They got into a bit of a struggle with Mikhail [B.] Khodorkovsky and Yukos.

Anyways, I agreed to go to work for Amoco. I'd never really had any particular interest in the oil and gas business. But in a way, it was a perfect fit for me from where I was coming from, because—yes, oil and gas, it's an engineering industry, it's a technical industry, it's a scientific industry. But at its heart, you need to get access to the resource base. And the way you get access to the resource base is politics and relationships.

I spent a year working for Amoco before they merged with BP. That year, I basically spent working with Mikhail Khodorkovsky to see if we could reach some sort of a settlement on the dispute between the two companies that would allow us to get back into this project that—we had won tender rights to be the sole foreign investors in it; big oil field in Western Siberia called Priobskoye. We actually [laughs], ironically enough, did ultimately reach what's called a “heads of terms,” or sort of a structure for an agreement. Then the merger with BP closed, and we became one company. The leadership of the new combined company decided that they weren't interested in the project. So, anyways, it was an interesting year. I learned a lot about the oil and gas industry, and I learned a lot about Mr. Khodorkovsky [laughs].

Q: Because that whole year was spent in Russia, still?

Charow: Oh yes, yes. I was living in Russia, definitely living in Russia.

Q: Yes. Okay. I know you might have to go, so—

Charow: Yes. It is—

Q: This is a good—we'll stop with the oil and gas. We'll come back to that later.

[END OF SESSION]

ATC

Session: 2

Interviewee: Peter A. Charow

Location: London, England

Interviewer: Caitlin Bertin-Mahieux

Date: January 5, 2017

Q: This is Caitlin Bertin-Mahieux. Today is Thursday, January 5, 2017. I'm here in London with Peter Charow for his second session for the Harriman Institute Oral History Project. Peter, thanks for your time again today, for sitting down with me again. As I just mentioned, in November we left off in 1997, when after you decided to leave the American Chamber of Commerce, and when you were hired at Amoco. You had said that your job at the American Chamber of Commerce was really one of the best of your life, but that for both push and pull reasons, you had decided it was time to go.

Charow: Right.

Q: That's kind of where we left off.

Charow: Right.

Q: If you'd like to pick up the thread, and tell me how and why you decided to go work for Amoco.

Charow: Well, there were more immediate reasons and broader reasons. Part of it was AmCham [American Chamber of Commerce], as I mentioned before, was an organization that I started in

Russia. AmChams around the world—there were AmChams in many countries around the world, but they're only informally connected. There's no parent organization to all these AmChams. There's something called the U.S. Chamber of Commerce in Washington, but it's a completely separate organization. It's got nothing to do with American Chambers of Commerce in various countries around the world.

Q: Okay.

Charow: They will accredit AmChams, but you're not formally or legally connected to the U.S. Chamber. So one of the things that I was facing was, after having set up the organization and growing the organization and bringing some success to the organization, there was really no place else to go. You weren't going to get promoted beyond being president and CEO.

Q: Right.

Charow: There was no larger organization back in the home country where you could essentially think about somehow going back to it at some point in the future. It was a dead end, although it was a relatively pleasant dead end. That was point one. Point two was, oil and gas industry in Russia was so critical to the functioning of the economy and to the development of the country. I can't say that—in my earlier days, when I was going through my education, that I had any particular interest in it. I was a political scientist, so you look at OPEC and you look at crude flows around the world. You understand how they impact on the politics and geopolitics of the world. But that wasn't really what I was interested in, in particular. But what I discovered, living

in Russia, and then looking at this more closely was, as a political scientist—the oil and gas industry is such a politicized industry.

Q: Right.

Charow: Particularly in the world we live in today, the resource holders all around the world today tend to be national governments. If you want to get access to the resource base, you need to be able to work with the national governments in order to do so. We tend to point the finger at international oil companies [IOC] and around the world, whether it's Exxon Mobile or BP or Shell, or what have you, and say you guys are doing this, or you're doing that. But the truth of the matter is, IOCs today are responsible for about eight or ten percent of production of crude oil in the world. It's very little, although they are bigger than life because you just know about them.

Q: Right.

Charow: You see them, you read about them in the newspaper, you see the advertising, and so forth and so on. But in Russia, it is the government that is the resource holder. If you want access to the resource base, you need to be able to develop relations with the government and work with the government in order to get that access. This was one of the reasons why I was approached by Amoco. They had experienced some difficulties in the 1990s in terms of a particular project that they were trying to work on. They thought that they had—well, they did. They won the tender rights to be the sole foreign investor in the field. Then there ended up being some problems with the privatizations that were taking place in Russia in the 1990s, wherein the company that they

had been negotiating with was acquired by a bigger company, by Yukos, owned by Mikhail Khodorkovsky. And Khodorkovsky decided that he didn't really want anything to do with Amoco; he really didn't care what the government had awarded us, and what legal rights we felt that we had, and so forth and so on. Because of the relationships that I had developed over my years with the American Chamber of Commerce, Amoco felt that I might be able to help them better make their case to the Russian Federation government. They asked me if I would be interested in joining the company, which I agreed to do.

But of course about a year after I joined the company, the merger was announced between Amoco and BP.

Q: Right.

Charow: I quickly found myself working for BP rather than for Amoco.

Q: What did that change? What was different about that?

Charow: First of all—well, in a sense, everything changed. Corporate headquarters was in London; it wasn't in Chicago. All of the senior management from Amoco slowly but surely departed from the company. Even the people that I had been hired by and had been working for, in an immediate sense, very quickly left the company as well. I basically had to go through a process of re-interviewing with a new company, new set of line managers, in order to hold on to my job, which I did successfully.

Q: You wanted to do—

Charow: I wanted to do it, yes. No, I did want to do it. But it was a completely different culture. BP, although it was no longer called British Petroleum, but it was a very British company twenty years ago. There's no question about it. It's evolved over time for a number of reasons; first of all, because of the acquisition of Amoco, an American company, also Sohio, another American company, and eventually ARCO, a third American company. These are all companies which were part of the original Standard Oil of Illinois, which was John [D.] Rockefeller's company which he started, and which was broken up by Teddy [Theodore] Roosevelt during the anti-trust campaign in the early part of the twentieth century.

Anyway, basically John Browne, as head of BP, was reconfiguring a significant part of Standard Oil and making it part of BP. There were other acquisitions that went on as well, Castrol was one of them, Aral, which is a big retail company in Germany. If you go drive through Germany you see Aral stations all over the Autobahn, for instance, like you would see a Mobil station in the United States. This was a phase of consolidation in the industry. A lot of companies were acquiring other companies. John Browne, I think, took it further than most of them did in terms of the acquisitions that he underwent. So BP over time became much more of an international company. If you walk upstairs now, one floor up to where the executive suite is, you'll find that the CEO and most of the people around him are now Americans. In fact, a large number of them are actually heritage employees from Amoco. Bob [Robert W.] Dudley, who is the CEO, I met in Moscow when he was working there for Amoco, back twenty-two or -three years ago.

Anyway, it was an interesting intellectual exercise for me to go into the oil and gas industry, and understand how this fit into the economic development and growth of the Russian Federation, but also the role it played in the politics in the country. You couldn't not—you walk around this building and you walk around BP generally, and a lot of the people you bump into are either engineers or MBAs. But this company could not function without people who understand very clearly how the politics work in the countries where we operate. And John Browne who, in many respects was a visionary—is a visionary, he's still alive—he very early on saw the promise in Russia, and saw the opportunity that was there and the potential. For me, it was a good fit because—a lot of Western companies, and particularly American companies, who are very nervous about working in Russia. What they know about Russia is what they read in newspapers, which—

Q: You mean back then even? Or now?

Charow: But even today, it's still the case.

Q: Yes.

Charow: The amount of trade and investment that flows from the United States to Russia and back is a tiny fraction of what goes on between Europe and Russia. Even between Germany and Russia. Germany is a much bigger investor in Russia than the United States is.

It was just a good fit in that respect, that not only was it an industry that was interesting to me and allowed me to take a lot of what I had studied and learned over the years and apply it, but it was also a company that was focused and targeted and prepared to take on some risk in order to succeed in Russia. To this day I would have a hard time imagining a better fit for me, in terms of—because I was interested in the politics, but I was also very interested in the nexus between the politics and the business. For me, finding a company that really was committed to Russia and really was committed to finding ways to make it work, and really was committed to making it work was a great find, and as I say, a great fit.

Even when you look at the other oil and gas companies at the time, most of them in the 1990s were looking to negotiate and sign production sharing agreements with the Russian government, which, in essence, is a contract between the company and the government, which defines the terms under which you work there. You're not actually even working in the fiscal or legal system of the country; you have a separate deal.

Q: Oh.

Charow: When you look at the Sakhalin I or the Sakhalin II projects that still exist today—those were both production sharing agreements—they are outside the legal framework of the country in certain respects, because they are standalone contracts between the Russian Federation government and the companies involved. But John Browne very early, back in the 1990s, said, “That’s not the way I want to do business. If we’re going to be in Russia, I want to be a Russian company. I want to be part of a Russian company, I want to work with Russian partners, I want

to understand how Russia works. I want to be part of the tax and royalty system, and the legal system, and live and be a local company.”

Q: What were the reasons behind that? I mean, you talk about the element of risk. Did he see the longer view and want—?

Charow: He did see the longer view. What he saw was, if you create these little standalone contracts, you’re always going to be defined and confined by these contracts.

Q: Okay.

Charow: It’s going to be very hard for you to grow a material business inside the country. When you look at the people who did these deals today, most of them are still confined to the particular production sharing agreements that they signed back in the 1990s, Exxon Mobile being a perfect example of this. They’ve got their Sakhalin I project, but they’ve not really succeeded in doing much outside of that in the country. Total is a—they originally were a part of the Kharyaga project, which is a PSA onshore, not on Sakhalin, in Eastern Siberia, in the far North, which they have now basically pulled out of. But they have gone on to do different things, and they bought about a twenty percent equity stake in a Russian gas company. They have sort of moved on from that perspective. But you don’t see Chevron in Russia at all. They’re in Kazakhstan, but they’re not really in Russia. And ConocoPhillips tried. They tried to take equity in Lukoil back in the late 1990s, but eventually they decided that that didn’t work for them, and they pulled out.

John Browne was somebody who saw a longer-term vision of how you can grow a business inside of Russia, and the first step he took in that regard was, buying a ten percent equity stake in a Russian independent company called Sidanco, back in the late 1990s, in 1997. He took some managers from BP and put them inside the company, and said, “You’re going to go over there, and you’re going to see how this works, and you’re going to figure it out. You’re going to help the company develop in ways that we can help it to develop.” It turned out to be an extraordinarily difficult process to live through. My first job, actually, after the merger between BP and Amoco was to be the shareholder representative in the BP Moscow office, for our shareholding in Sidanco.

Q: Okay.

Charow: I was the one who was responsible for looking after this, what, \$500- or \$600-million investment in Sidanco. This was back in the 1990s; it was a tough time to do business in Russia.

Q: Right.

Charow: It quickly became clear to us that we were being robbed right and left. We were being robbed by the employees of the company. We were being robbed by corporate raiders who were going after our subsidiaries, and using the bankruptcy laws inside of Russia in order to steal the assets away from the company, from Sidanco. It was quite a learning process, I have to say.

John Browne wanted to be part of the Russian business community, and we were really in the middle of it. We were finding our way. We were trying to find ways that we could protect

ourselves, and protect our investment. It was a dangerous time. These were the late Yeltsin years, where the Wild West really existed in Russia. It was a tough time to be there, to live there, and to try to do business.

Anyway, eventually we had to come to terms with the corporate raiders who were attacking us, and do a deal with them in order to protect our investment. And this was a group primarily called Alfa, who are well-known today. One of the larger oligarch groups in Russia. They owned an oil company at the time called TNK, the Tyumen Oil Company. That was the vehicle they were using in order to attack us and try to strip assets out of Sidanco. We fought them in the courts, we fought them in the courts in the West, we tried to negotiate with them, we did everything that we could possibly do. Eventually, we ended up negotiating a deal with them where we jointly took ownership of the company, Sidanco.

Q: Okay.

Charow: We ended up taking another fifteen percent of it, so we had twenty-five percent total stake, and they took the other seventy-five percent of it. Then eventually, that led, in 2003, to the creation of our big joint venture, called TNK-BP. That was something we did in partnership with this Alfa group, plus their partners in TNK, Renova and Access Industries. So three oligarch groups. It was headed by Mikhail [M.] Fridman, Len [Leonard] Blavatnik, and Viktor [F.] Vekselberg.

So we set up TNK-BP, which we contributed all of our Russian assets—so our shareholding in Sidanko, plus our retail network. We had at that point about forty-two or forty-three BP-branded retail sites in Moscow. We also put in about eight and a half billion dollars of cash. And TNK put in all—or these oligarch groups, Alfa, Access and Renova, put in all of their oil and gas assets that were inside of Russia. So basically, the Tyumen Oil Company went in, plus some other bits and pieces. We created TNK-BP, which we owned fifty percent of, and our partners owned fifty percent of. A fifty-fifty joint venture, something which is relatively rare, and something which President Putin warned us against. He said, “It’s my experience that when you have a partnership, you have to have one senior partner and one junior partner, otherwise you’re going to create problems for yourself in the future.” John Browne’s response to that was, he said, “If we have disputes, then the two sides have to reach a resolution of the dispute. This will force us to reach a resolution, because neither side can have the predominant power inside the company.”

Anyway, that was the beginning of ten stormy years of partnership with our Russian partners. We put about two hundred BP employees into the joint venture, including Bob Dudley, who went in as the CEO of TNK-BP. I was the head of the BP Moscow office at the time, so I was the person outside of the—I mean, I had discussed this with Bob, and I said, “Do you want me to go into TNK-BP with you?” He said to me, “No, I need someone that I know and trust who’s in the BP Moscow office that I can turn to and know that I will be able to get responses and answers, and support and help,” and so forth and so on. This is what we agreed to do. But it was—how should we say? [Laughs] What was Tolstoy’s line about happy families all being happy in the same way, and unhappy families each being unhappy in their own way?

Q: Exactly.

Charow: Well, TNK-BP was, in many respects, an unhappy family. We were constantly fighting with our Russian partners. I mean, it was a hugely successful investment, the most successful investment, probably in the history of BP.

Q: Which his saying something.

Charow: Which is saying something. But I think just to give you some quick numbers, as I said, we put in our retail network plus eight and a half billion dollars. Over the course of ten years, BP took out nineteen billion dollars in dividends. When we sold our fifty percent interest in 2013 to Rostneft, we sold it to them for about \$27- or \$28-billion.

Q: Wow.

Charow: Right. So out of our, let's call it roughly a ten—

Q: Yes, over two hundred percent, yes.

Charow: I mean it was—yes. It was a massively successful investment. No question about it.

Q: Wow. That made all those unhappy family moments worthwhile?

Charow: Well, it did. I often say—you know, it was a great financial success, but BP also got some other extraordinary benefits out of it. First of all, that was the experience that allowed us to do what John Browne had set out to do, which is for BP to really learn what it takes to do business in Russia, with Russian partners. We learned it the hard way, but we learned it.

We also created a cadre of relatively senior managers inside of BP who took that knowledge with them. We're able to take that knowledge and transplant it into doing business in other ventures inside of Russia, which we're still continuing to benefit from today. It was a huge advantage for us, compared to many of our competitors, that we had these people who had spent whatever period of time—three years, five years, eight years, ten years—working inside this Russian oil and gas company, and really, really learning how it worked. A lot of them weren't in Moscow. A lot of them were out in Western Siberia, where the assets were, and working with their Russian peers and colleagues out there.

Also a lot of great relationships came out of it as well. A lot of great relationships also came at a more senior level, because we, I think, did a fairly effective job of convincing the leadership of the country, first of all, that we were committed to the country, and we were prepared to invest significant sums of money there. Second of all, that we were not the type of people who quit and gave up and ran away whenever things got difficult. Thirdly, we were actually bringing technology, we were bringing best practice, we were, in many respects, pushing our Russian partners to act according to international best practice. Every time John Browne would meet with President Putin, President Putin would always say to him, "You set an example for the entire

Russian oil and gas industry, so now everybody has to pay their taxes, because you paid your taxes.” It was those kinds of relationships that flowed out of this that became incredibly important to us going forward.

When the time came for us to exit the joint venture—and we knew—first of all there was the relationship with the partners that got really ugly after a while. But second of all, we also knew, with the changes that took place in the industry after—under President Putin’s leadership, the power of the state companies became greater and greater over time. It came to the point where if you wanted access to the best resources, the best fields, the best assets, the only way you could do it was in partnership with one of the state companies. We ultimately came to the conclusion that we had to form a partnership with one of the state companies if we wanted to continue to grow our business there. We could stay in TNK-BP; we could harvest the portfolio. We could develop the fields, sell the hydrocarbons, take the money out in dividends. But over time, it would be a shrinking business. It wouldn’t be a growing business. We knew that we needed to have a state partner.

We developed a relationship with the leadership at Rosneft, and eventually that led to the sale of our fifty percent equity stake in TNK-BP to Rosneft. As part of that, they also convinced our Russian partners to also sell out their fifty percent. Rosneft ended buying the whole company. But I think, first of all, the fact that we were allowed to do that—I mean, you’re not from the oil and gas industry, but there is no national oil company in the world, in any country, where an international oil company owns a material stake in the company. So whether it’s Saudi Aramco, whether it’s Petrobras in Brazil, whether it’s Petronas in Malaysia, whether it’s Sinopec in

China—you may have foreign investors who are allowed to come in and take one percent, one and a half percent to create a partnership. But twenty percent doesn't exist anywhere. We were allowed to do that with Rosneft.

We also demonstrated our commitment to Russia, because we took a big chunk of the cash that we received for the sale of our equity interest in TNK-BP, and we immediately reinvested it back into the country. That was an incredibly important signal.

Q: I want to hear more about that. Let's actually back up for a second, because I just have a few follow-up questions on some of the things you said. First, just out of curiosity, you said when BP bought Amoco, or merged with Amoco in 1998, they were like a very British company.

Charow: Right.

Q: What do you mean by that? You mean everybody was British? Was it a formality? Was it a cultural thing?

Charow: Well, all the leadership of the company was really British.

Q: Okay.

Charow: Not only British, but really Oxbridge. I mean, really. Oxbridge.

Q: Okay [laughter].

Charow: You immediately felt a bit like an outsider coming in here as an American, not to mention coming in here as a Malaysian or an Australian, or whatever other country around the world you might come from. BP today is truly a multinational company, in the sense that the workforce is multinational. It's absolutely multinational. But it was a culture as well. [Laughs] I'll never forget, coming back to London, one of my first visits here and walking into a meeting in the old corporate headquarters—which was over in the City, at Finsbury Circus—walking into a meeting with one of my colleagues from Russia, who worked in Russia but was British. We sat through this meeting that went on for an hour and a half or two hours. So when we walked out of the meeting together, I pulled him aside, and I said, “Let me tell you what I think just happened in there. You tell me if you think I'm right.” [Laughter] I was 180 degrees off.

Q: Really?

Charow: Yes. It's just—you know, the things that go unsaid within this culture, the understatement, the sort of unwillingness to say things directly, and to kind of dance around topics rather than addressing them directly—I always say to people, I am very, very comfortable in Russia. I understand the culture very well. I get along with Russians very well. It's absolutely no problem for me. Here has been much more of a struggle for me than moving to Russia.

Q: That's so funny.

Charow: Yes. There were a lot of things that were just very, very different in the way the company was run.

Q: That's obviously evolved and changed over time.

Charow: It's evolved. No, as I say, it's much, much more of an international or multinational company today than it was then.

Q: Also, you said at the end of the Yeltsin administration, it was kind of like a Wild West atmosphere. I wonder if you could talk more about that, and the challenges of your early career working out of Moscow for BP. Did you ever think John Browne's vision of a partnership was crazy and so difficult along the way?

Charow: I didn't—

Q: Okay.

Charow: I didn't think it was crazy. First of all, because I was the head of the BP office in Moscow, and because of John's interest in Russia, I actually got to spend a lot of time with John, which helped me understand his thinking. That was point one. Point two was my background. I was a Russian studies person. I knew the language, I knew the culture, I know how it worked. For me, becoming part of what was going on in the country was easy. It was second-nature. It was not as hard as it is, or has been, for some of my colleagues, who have moved over there and

have really had to find a way to integrate into what goes on there. I understood his vision. I understood why his vision was valid. I understood that his vision was what distinguished BP from most of our peers and competitors, and ultimately would lead to success for us. That didn't take a lot convincing. I was convinced that it was a risky undertaking, but I thought that ultimately, should we succeed, we would be in a much stronger position than any of our competitors.

Q: Talk to me a little bit more about the difficulty of working with groups like Alfa, and having to engage across those lines.

Charow: The cultures are so different. Plus, you're operating in an environment which is developing. So court systems, rule of law, the laws themselves, the ability of all oligarchic groups to be able to resort to what were loosely termed "administrative resources" at the time. Basically, to be able to privatize small chunks of the government to get them to do your bidding for you.

Q: Right.

Charow: In our case, where that became particularly obvious was with the immigration service, because what Alfa started doing was preventing our specialists inside TNK-BP from getting their work permits and visas renewed, including Bob Dudley, the CEO of the company.

Q: There's a tactic, yes.

Charow: Yes. It still goes on to a degree today, but it was just much more rampant then, and everybody was doing it then. I talked about the raider activities going on with Sidanco. Well, what this consisted of was using what might be considered imperfect or incomplete bankruptcy laws inside Russia at the time, to seize the assets of companies and push the companies into bankruptcy, and then use corrupt courts to get your own receivers appointed, so the bankruptcy managers who were responsible for deciding what to do with the company—and then arranging for the companies or the assets of the companies to be sold off in bankruptcy auctions at prices that were far below what the companies were actually worth. This is what we were dealing with back in the 1990s. It was an education [laughter].

Q: Right, tell me more. What were the lessons you learned? What was your responsibility? What did the day-to-day operations look like for you?

Charow: Well, yes. We used to—every morning at eight thirty, we had a core management team meeting to sort of figure out what happened overnight and what we needed to be doing to react to it, and so forth. A lot of what I spent my time doing was, actually—I was sitting—because this company, Sidanco, and the subsidiaries of the company had taken out debt with Western financial institutions, including the EBRD [European Bank for Reconstruction and Development]. I was spending a lot of my time on the so-called creditors' committees of these banks, trying to figure out how to secure the debt and how to get the debt repaid.

At the same time, our Russian competitors were running around buying up the debt for pennies on the dollar, then they could get a judge someplace to declare that this debt could never be repaid, and hence, the company was bankrupt. Then it would go to auction and they would buy up the assets at reduced prices through the auction. So I was spending a lot of time with German bankers, trying to figure out what to do with them. I was also spending a lot of time with Russian government officials, trying to explain to them what was going on, that we were investing large sums of money in very good faith, and we had the intention to grow our investments, and to make something real of this, and this was the reputation of the country that was on the line, and so forth and so on. All the way up to the prime ministerial level to try to explain these things.

Q: It sounds like, from our last conversation, at the American Chamber of Commerce you had developed relationships with different ministers and in the government.

Charow: Right.

Q: There was a certain level of trust there, so I'm sure that probably carried over a bit. But this sounds like a whole new ballgame to negotiate, too. How did you navigate—?

Charow: It's a whole new ballgame, because there's real business at stake here. Getting access to the people was the easy part. It was getting them to do something about what was taking place that was more difficult. I don't even necessarily blame them. It wasn't that they were just saying, "No, I'm not going to do this." It was, in many cases, they had no ability to do it, because you were dealing with corrupt courts out in Western Siberia, or you were dealing with corruption in

other branches of the government, where they wouldn't necessarily have the authority to do anything about it. There was, shall we say, a certain amount of threatened or implied violence that was also at play in all of this.

There are, of course, rampant stories. There were many people who were killed or seriously injured through this period of time. Certainly when you're dealing with government officials out in Western Siberia and they are not willing to do what you want them to do, there are various ways that you can apply pressure to them. That was just part of the reality. That was the only time in my history doing business in Russia that I ever had bodyguards. Those years.

Q: In Moscow? Every day?

Charow: Yes. Ninety-eight, '99. Yes. No, I had a bodyguard sitting in my car with me driving around every day wherever I went, going to meetings, going to and from the office.

Q: Did that alarm you? I mean—

Charow: Well, it didn't make me feel great [laughter]. I also didn't have a great deal of faith in the bodyguards. Well, no, because at the end of the day you've got this guy sitting there with you who's getting paid whatever, two hundred, four hundred, six hundred dollars a month. Is he going to take a bullet for you? No [laughter]. I mean, I remember—I don't know if this name means anything to you, Paul Tatum, who was an American entrepreneur in early days in Moscow.

Q: Oh, yes—

Charow: He was gunned down at a metro station, Kiyevskaya metro station. Paul was a good friend of mine. Because when I first started the American Chamber of Commerce, I actually rented office space from him. His office was sort of two doors down from mine. With regularity we would sit down together and have a cup of coffee, or a drink or something. I saw what happened to him. He had four bodyguards with him when he was killed, and none of them did anything. So, what difference does it make?

Q: Maybe a slight deterrent? I don't know, maybe not. What did your family think about this?

Charow: It was a stressful time [laughter].

Q: Yes, I can imagine. I can imagine. You went out to Siberia? You've been out there?

Charow: Yes. Oh yes, many times.

Q: What's that like?

Charow: Well, it's a frontier. It's much different now than it was twenty years ago. There's been a huge amount of investment out there.

Q: So then it was even less developed?

Charow: Yes. No, it was very rough and rugged. The hotels were pretty poor and the food was pretty bad.

Q: It was cold, I imagine.

Charow: Well, in the summer it's quite hot, actually.

Q: Okay.

Charow: Starting with the Amoco days, when we were having these arguments over our rights to develop that field which is in West Siberia, I went out a bunch of times to meet with the local governor and to testify before the local Natural Resources Commission, make the argument why Amoco should be allowed to invest in and help with the development of that field, and so forth. Yes, it was an interesting experience.

Q: You're meeting with all these people, and you're trying to make things happen, because it sounds—how did you create momentum? How did you persuade ministers in the government, or whoever you were talking to, to—how did you move the needle?

Charow: Well, it was hard. The most you could do was sort of generate sympathy, because at the end of the day, the ministers were also very limited in their ability to make things happen.

Q: Right.

Charow: They could tell someone who works in their office to go do something. But could they tell the governor out in Siberia what to do? Not really. Could they tell an oligarch what to do? I mean, these oligarchs, for the most part, had their own armies.

Q: Right.

Charow: The way we finally resolved the Sidanko situation and brought this to the creation of TNK-BP was actually not done in Moscow, it was done in Washington, because—well, two things happened. One was TNK, the oil company that we were struggling with, had been negotiating with the U.S. EXIM [Export-Import] bank to get loan guarantees, because they wanted to upgrade a refinery, one of their refineries in Ryazan. It was a huge sum of money, it was \$300- or \$400-million dollars. So I actually, over time, started spending more and more time in Washington—because I wasn't getting very far in Moscow—at the White House and in Congress and in the State Department, and at the EXIM bank, and OPIC, the Overseas Private Investment Corporation, trying to get some traction to shut down the EXIM bank loan guarantees, which we eventually succeeded in doing. That sort of hurt our future partners where it mattered, in their pocketbooks. That was one thing.

The other thing was, we had some partners who had invested alongside us in Sidanko; some foreign investors, including George Soros and some other big, serious investors. There was an

effort made to bring suit against the Russian oligarchs in a New York courtroom, under the RICO [Racketeer Influenced and Corrupt Organizations] statutes in the United States, the racketeering statutes in the United States to essentially deem them to be an organized crime organization, which would have created all sorts of problems for them. Those two things happening sort of brought them to their senses. That's when we were able to sit down and negotiate the creation of TNK-BP.

Q: What was it like all this time in D.C.? What was it like working with the U.S. government, as opposed to the Russian government? What were your—what was your experience like there?

Charow: Well, it was the Clinton administration.

Q: Okay.

Charow: Al Gore was the guy who was responsible for the Gore-Chernomyrdin [Albert A. Gore and Viktor S. Chernomyrdin] Commission [U.S.-Russian Joint Commission on Economic and Technological Cooperation], so he had an interest in this stuff. There were some key individuals in the National Security Council who were also very interested in it. First of all, they were interested in getting someone who is coming in and talking to them about what was actually happening on the ground, because they, for the most part, didn't have that perspective. Some of them were actually Russia specialists, trained, academic Russia specialists. But they had never lived there, they had never worked there, they had never actually been dealing with this kind of stuff on the ground before. They had a natural interest in that, and also because I had a certain

amount of credibility from my years at AmCham and the work I had done with the Gore-Chernomyrdin Commission, so that created a natural point of entry for me.

Q: Okay.

Charow: A lot of the people I was dealing with on the very, very senior level, like Vice President Gore, or Ruth Harkin—who was running OPIC at the time—some of the Congressmen and Senators I had met when I was running AmCham. I could come in and talk to them, and they knew that I was someone who knew what I was talking about. That was helpful.

Q: That helps, yes. You mentioned Putin a couple of times. What was it—? this was mostly during his administration, I mean the end of Yeltsin—

Charow: Yes, the very beginning of—

Q: What was it like working with Putin? How did the BP relationship with the government change over time, as their own priorities changed?

Charow: It was—the time that Yeltsin was ruling the country was a tumultuous period. Yes, I can't blame all this on Yeltsin. What he was presiding over was unprecedented in history.

Q: Right.

Charow: It was very, very difficult to get a grip on these things, there were lots of people who were seeking to take advantage of the uncertainty and the disorder that existed at the time. When Putin came in, things started to change actually relatively quickly. You sort of got the sense that when you had a senior government official telling you they were going to do something, they were actually going to do it and it was going to get done. John Browne formed a good working relationship with President Putin. They met for the first time here at Chequers, the country residence of the Prime Minister, Tony [Anthony C. L.] Blair at the time. That was a meeting that I'd set up for John through contacts in the Kremlin. John just made the case to President Putin that he was prepared to invest significant amount of money in the country, if he could get some assurances that the investments would be safe from non-commercial risk. He got those assurances and he was prepared to move ahead. He made some of his own assurances to President Putin about what he was going to bring. He said, "We will bring capital, we'll bring technology, we'll bring best practices, we will pay our taxes." We used to refer to these as the four or five commandments of what we were supposed to deliver to Russia.

Every time John went in to see President Putin, they went through the list of the commandments, and this is what we're doing on each one. He knew how to create a relationship of trust with the president, which was basically, you make commitments to do things, you do those things, you follow through on them. When things get tough you don't run away. You follow through; you continue to persevere. Then that was appreciated. It was recognized, and it was appreciated. On a number of occasions publicly, Putin made comments about BP and about John Browne, about how we were good, committed investors, and we did what we said we were going to do, and so forth and so on.

It's now sort of Russian Business 101, how you succeed in doing business in Russia. It's all about relationships, and how you formed the relationships, and how you maintain them and sustain them over long periods of time. It's also about understanding what the rules of the game are. The rules of the game changed radically from the '90s to the 2000s. You had to behave differently, and you had to be conscious of what you could ask for and what you could not ask for. You never demanded anything. It was—you know, you have to always understand that it's their country. They're the ones that run it, they're the ones that control the resource base, they're the ones that make the decisions. We are there as guests. We are invited in, and we should never forget that. And we should act accordingly. It's like when you go over to somebody's house for dinner. Right? You don't tell them what to put on the table. You don't tell them where you want to sit. You don't tell them how to behave themselves. You don't tell them you don't like their children [laughter].

Q: Especially not that.

Charow: Right. It's pretty fundamental stuff. But a lot of people don't recognize it, or don't remember it.

Q: Yes. John Browne's vision, this way of doing business, of working within a legal framework, of building relationships, and knowing the rules of the game and abiding by them. You said that BP really made a commitment to Russia. Beyond technology and best practice, it also seems to

me that it helped in just the development of the country in general, culturally, economically, that these—it invested in many ways.

Charow: This, in very fundamental ways, gets back to what my personal mission in all this has always been, because I have always believed—well, I first of all believed that with the collapse of the Soviet Union, there was truly a unique, historic opportunity to change the world. But secondly, the idea that the greater the degree to which Russia could be integrated into the world—into the multinational and international institutions, and the way the world is governed, the way the world is managed—the better it would be for everybody. Also, that Russians ultimately will seek not only to control the economic pie in their country, but will also look to expand outside their country, and to seek investment opportunities outside their country. Ultimately, they will have to learn the rules of the game as well.

Q: Right.

Charow: And the degree to which we can help them understand how the rest of the world works—to that degree, they're going to feel more comfortable operating in the rest of the world, and they're going to understand, perceive, and eventually enjoy the benefits of doing that. Being part of a big corporation and bringing major investment into Russia, and working with Russian partners, not to tell them how to do things, because we know and they don't, but rather to say to them, this is how things are done in other parts of the world. These are the reasons why they're done this way. Equally, to listen when they tell you how they do things inside of Russia, because there may be equally-valid reasons for doing them that way as well.

We make a point of never speaking about how we bring best practice to the Russians, or we show the Russians how to do things, or we give them this, or we give them that. The language is always a language of partnership, and give and take, and mutual learning, and mutual sharing, because we've learned an enormous amount from them as well. Producing oil and gas in Siberia is very different from producing oil and gas in the Gulf of Mexico. There's a lot that we have to learn from them as well. This is an industry that has been in existence for over a hundred years in Russia. These people are real oil and gas professionals. They know what they're doing. So, it's a mistake to go in there, on a number of levels, and say, "We're going to show you how to do this." It doesn't sit well with the Russians, they're very prideful people. But it's also not correct.

Q: Right. We talked about how things changed from Yeltsin to Putin in terms of doing business. But how did—you're living in Moscow this whole time. How did life change? You talked about how when you got there, in the early '90s, it was a struggle just to put food on the table. How did your lives in Russia evolve over time? How did you see the changes in the country?

Charow: Grossly speaking, there was a sense as you transitioned from the Yeltsin years to the Putin years that Moscow generally became a safer place, a safer place to live, a safer place to raise your kids. There were also changes that were taking place regardless of who was running the country. The economy was developing. The wealth of the country was growing. The commercial links to the rest of the world were expanding. That in and of itself brought more in to Russia, so in terms of consumer goods and food products and so forth and so on, all those things started showing up in greater and greater abundance.

Putin, in the early years—we talk about the social contract that he had with the oligarchs, but also with the kind of commercial classes in Russia, which was, “You stay out of politics, and I will increase the standard of living for you year after year after year,” which in the early years, he was quite successful at doing. Granted, to a large degree, this was riding on the back of the oil price, but it happened. People felt it. They appreciated it. I guess there was kind of a sense of normalcy that started to be more present in Moscow at the time, more restaurants open, more stores open, the place was cleaned up. As I said, you felt more secure on the streets of Moscow than you did in the early ‘90s. It just became a more livable place.

Q: Easier to just navigate the day-to-day things?

Charow: Yes.

Q: That’s good. When did you move to London, and why?

Charow: At the end of 2005. The reason was because BP asked me to come back [laughter].

Q: That’s a good reason.

Charow: Right.

Q: Almost twelve years now, I guess?

Charow: Yes. Yes, eleven years this fall.

Q: Do you still travel back to Russia?

Charow: All the time.

Q: Yes, I imagine you must.

Charow: I'm going on Monday.

Q: Oh! Okay. What do you think, with all these frequent visits, how Russia has continued to change, since you moved here, since 2005?

Charow: There's an underlying process of, I guess, what you would call normalization. You spend time with your Russian friends, and they're just friends, not even necessarily Russian anymore, they're just friends.

Q: Right.

Charow: You spend time doing business. The people you're doing business with now are highly educated people, many of them educated in the West. They know how to run a business; they've got MBAs. I think I mentioned to you that I was, for eight years, on the Board of Directors of the

big Russian steel company, Magnitogorsk [Iron and Steel Works]. Just watching the transition in that corporation over those eight years, from the largely private-held corporation to one that was publicly traded on both the London and the Moscow stock exchanges, and what that meant for corporate governance, and how that changed the way they managed and ran the company. A lot of stuff has changed.

Q: You talk about business. I think you were, or you are, on the committee for the Center for Entrepreneurship, or some—

Charow: The Board of Directors.

Q: The Board of Directors, right. So how has entrepreneurship—? I imagine that there was very little opportunity to be an entrepreneur in the '90s, and now—

Charow: Well, there was a very—well actually, [laughs] a lot of people we call oligarchs today were entrepreneurs back in the '90s.

Q: Oh, well—[laughter]

Charow: Entrepreneurship is very popular in Russia today. The government is very supportive of entrepreneurship, and encourages entrepreneurship, and encourages the training of young people to have entrepreneurial skills. But it's a tough place to do business as a small business, it really is. You still have—it's an over-regulated market. It's a market that isn't always necessarily a

level playing field for everybody. It's sometimes hard to get laws applied equally. There's always the risk that if you're successful in your business, that that's an opportunity for some bigger fish to come along, and consume you. It's tough. It is a tough environment for entrepreneurs.

Q: Is there a startup culture there?

Charow: It's growing. It's coming along. I think also—for young people coming out of universities, what's your opportunity set look like? You can go into government, which is attractive to a lot of people. You can go work for a big Russian enterprise, which is not usually as attractive to people, because they tend to be quite bureaucratic, in many respects still very Soviet. You can go to work for a foreign company. But that, as you might imagine, is relatively limited.

Q: Right.

Charow: Or you can try to start a business. For a lot of young people, I think—even here, I talk to my kids about this all the time. The idea that they would go to work for BP is just so totally alien to them that they couldn't even conceive of it. For them, it's all about starting a company, it's having an idea, and how do you do this, and how do you do that, and so forth and so on. I think for young people today, that's kind of the way they view the world. You don't work for a company for twenty years, you're in and out, in and out, in and out.

Q: Changing all the time, yes.

Charow: Right. Exactly. But, as I say, it's a tough environment. It really is.

Q: Is there much of an exchange between Russia and the U.S. business-wise, that you can see?

Charow: There's some. But it tends to be more with larger companies.

Q: Sure.

Charow: It's hard for an entrepreneur in Ohio to get on a plane and fly to Tyumen and try to generate some business. That's a high entry cost for very uncertain prospects.

Q: Is there—? I remember we talked about, last time, your Fulbright year, when you were at Harriman in Leningrad. You said, "I think it was a pretty remarkable year." I wonder if there is still that level of interest in exchange between, maybe, American students or entrepreneurs, and Russians. What do you think they think of engaging with—?

Charow: An interesting question. Yes, I think we have recently been through a down-cycle in that, where the West has been viewed with some suspicion. I think generally, the 1990s were a very heady period, everything Western was great and positive and wonderful, and so forth and so on. Then it came around the other way. But it's funny, I was just reading an article today by Lilia Shevtsova—she used to be at Carnegie [Corporation]. She's now across the square at Chatham

House [Royal Institute of International Affairs]—where she cited poll data that said that seventy-one percent of Russians polled wanted to improve relations with the West, which would indicate that we seem to be coming out of the depths of this cycle. The other question is, what’s it like on the other side? When you talk to students in the West about, “You want to go spend a year in Russia?”—[laughs] I don’t know.

Q: Yes. Yes.

Charow: I did it, so I—

Q: But when you were in school, it was the place to study.

Charow: It was certainly—yes, it was exotic. It was frontier. But it was—

Q: But also kind of the epicenter of—

Charow: It was the other superpower. Which was something. That allure doesn’t really exist anymore. I don’t think that we have the levels of interest or demand that we had back in the 1980s. I think there still is a lot of interest. I note in this country—and this is an anecdotal example of this—we have a corporate social responsibility program where we invest in things in Russia, outside of our business. We invest in several areas; we invest in education, we invest in science and technology, we invest in arts and culture. Last—well, 2015 to 2016, we funded an

exhibit at the Science Museum here of the history of Russian and Soviet space exploration, cosmonauts. It was just a blockbuster. It was huge. They were turning people away.

Q: Wow.

Charow: There was not enough capacity for all the people that wanted to go and see it. There is still huge interest in this country, certainly. We continue to try to do these things, because we continue to believe that it's really, really important that we develop a broader level of interest. One of the things that we try to encourage and support is educational exchanges, as well. The numbers are way down from what they were in the 1980s, and even the early '90s, which is a shame. But I remain optimistic.

Q: This is obviously a question the Harriman is constantly grappling with as well, and trying to figure out. Do you have a sense—do you think are people, your friends or colleagues from Russia, are they aware of places like Harriman and the other Russian institutes that exist in the U.S.?

Charow: They're certainly aware of Columbia University.

Q: Okay.

Charow: No question about that. When I tell people that I did my graduate work at Columbia, they—that's impressive.

Q: They get it.

Charow: Yes, they understand that. Harvard—fine, they might not know what the Belfer Center is, or the Russian Research Center and so forth, but they know certainly what Harvard is.

Q: Yes. Right.

Charow: If given the opportunity, I'm sure they would jump at it. But are you going to take a Russian student and put them in the Harriman Institute? I think they'd much rather go to the business school at Columbia.

Q: Yes. Yes, I think they're trying, actually, to do more business-type stuff. I mean, you know—

Charow: Well, I mean, this would seem to me to be a natural direction for them to take. Maybe it's not about Slavic languages anymore. It's about business—you know, they've opened this oil and gas institute at Columbia. There's a lot of potential connection there with Russia, obviously.

Q: For sure.

Charow: I'm a living example of it [laughs], right?

Q: Right.

Charow: This is what I've made my career on. I think you just need some creative thought as to how to structure this and how to market it. It's not Sovietology anymore.

Q: No. No.

Charow: Although with [laughs] what we've been living with the past two or three years, arms control might become important again.

Q: Back again, exactly. Exactly. I was wondering if—going back to Harriman—obviously the education you got there influenced your career. Are there other ways that you still feel tied to Harriman? Are you still in touch with some of your peers? Is that network still there for you in any way?

Charow: Well, you're constantly bumping into people who are products of Harriman.

Q: Okay.

Charow: I have friends, certainly, who are products of Harriman, certainly in the diplomatic service, but also—I just had lunch a few weeks ago with Christopher Smart, who—

Q: Oh yes, you mentioned him. Right.

Charow: Yes. Who is a great example of a product of the Harriman Institute, who worked for six years in the Obama White House. But he and I spent the '90s together in Moscow, and he's now at Harvard, and at Chatham House. He just got a fellowship at Chatham House as well.

Q: Oh, great.

Charow: Yes, no, it's definitely—I can't say I go and seek these people out. I have not had a great deal of interaction with the Harriman, per se. Tim [Timothy M.] Frye and I used to stay in contact with each other. But now that he's kind of moved on, I've lost that linkage as well. Bob Legvold and I remain close friends. Whenever we're in our mutual cities, we look each other up. But my—the professors I had at Columbia are gone. These guys—and they were guys—

Q: Yes.

Charow: —these guys were the giants, Shulman and Brzezinski, and—

Q: Bialer, and—

Charow: Bialer, yes. John Hazard. They don't make them like that anymore [laughs].

Q: No. Right. The whole field has shifted so much, too.

Charow: Yes, absolutely. But the world has shifted, too.

Q: It is. You mentioned your time in D.C., talking to policymakers there, and there were academics who studied Russia, who maybe didn't have a real grasp of what was going on on the ground. I think this is one of the things, too, that we question in this project, is there this—there seems to be at least a perceived, maybe even a real decline of academic influence on policy, and how that has—you know, we go from the golden years of Shulman, to today.

Charow: Right. I think—

Q: How that's shifted, yes.

Charow: —Russia was out of fashion for quite a while. Now I go to Washington and I spend a lot of time having conversations with people about the lost generation.

Q: Yes. Yes.

Charow: What can we do to—? when I talked to Tom [Thomas] Graham, or Eugene Rumer, this is what we often talk about, is—Angela [E.] Stent, at Georgetown [University]. How do we fill this gap? Because obviously it's becoming important again.

Q: Right.

Charow: It was important all along, in my view.

Q: But now it's in the international conscious again.

Charow: If that lost generation hadn't been lost, we might not be where we are today.

Q: Indeed. Yes. Looking ahead to the future [laughter], what do you think, both in terms of the oil and gas industry, the energy field, and also just in terms of U.S.-Russia relations, in light of current events—?

Charow: Well, I can start with a couple of assumptions, if you will. One is, in my lifetime, this is the worst it's ever been. The only thing—[laughs] and I don't say this lightly, because I've given it a lot of thought, and I've had a lot of conversations about colleagues about this. Colleagues from the Russian side, not from the oil and gas side. But relations, the bilateral relationship between the United States and Russia, in my experience, was never this poor. You can point to when the Korean airliner was shot down, for instance, in, I guess it was in 1981. That was a low point. But certainly even going back to the Soviet period, we were ideological competitors and enemies in some respect; adversaries, let's say. But there was a level of respect. And there was an ongoing level of communication and dialog that doesn't exist today. That, I think, is actually quite dangerous, because we are still talking about the two real nuclear superpowers in the world. And we're talking about two countries who have considerable militaries and arsenals. So fine, maybe Russia's not a global military power, but they're certainly a regional military power.

Q: Yes.

Charow: As they have demonstrated in Syria, quite conclusively. I think it is a dangerous period right now, and one where even a series of small steps to try to get us back on track to the point where at least we're having rational, productive conversations between the two sides rather than just name calling—I mean, it's descended to name calling. That gets us nowhere.

Q: Right.

Charow: It will not be easy. It's not easy to identify a list of agenda items where U.S. and Russian interests are aligned. So it becomes, in some respects, difficult to find ways to get some successes together. One thing we've learned from doing business in Russia is, one way to build relationships is to have some common successes, because that creates bonds, which can be quite strong. But we need to find some things that we can work on together that will lead us to some type of success, and a pathway to starting to rebuild the trust that has been destroyed between the two sides, because it really has been destroyed. I talk to both sides all the time. I hear this, I feel it, I see it.

Q: And do your Russian friends feel this as well?

Charow: Absolutely.

Q: Yes. Yes.

Charow: Russian policymakers and Russian specialists are guilty of the same misconceptions, and misperceptions, and myopia that I experience in Washington.

Q: Yes.

Charow: As I say, it's a difficult period right now. So I don't have an easy set of answers. But I think we need to be realistic, and we need to be measured in our approach. The first thing we need to do is to ratchet down the rhetoric, and the name calling, and just the deep, deep suspicion and mistrust between the two sides, and try to find topics and ways that we can engage in dialogue and discussion that don't have preconceptions about one side being right and the other side being wrong, but hopefully lead us to a place where we can reach some common decisions about certain topics and move on from there. But it's going to be really hard. I worry that the only thing that's going to make that happen is something really bad happening, where both sides realize that we can't continue like this. That's something we'd all want to avoid.

Q: Instead of a common success, it would be the opposite.

Charow: Right. Right.

Q: Yes.

Charow: Common tragedy.

Q: Exactly. Yes.

Charow: Well, that doesn't leave us on a happy note, does it?

Q: [Laughter] Doesn't seem like a happy note to end. What about what's next for you, and BP, where—? because now—

Charow: Sorry, I'm just checking the time.

Q: Yes, sure. Sure.

Charow: Yes, we should try to wrap this up.

Q: Wrap up. That's great.

Charow: We're committed with BP. We've got our partnership with Rosneft. We are working with them very closely, not only on what we do together with and inside of Rosneft, per se. We bring a lot of our specialists over there, and they spend time over there, mutual learning between the two sides about what we're doing. We're also in the process of creating separate businesses, so standalone joint ventures, which are separate from our shareholding in Rosneft.

Q: Okay.

Charow: We own 19.75 percent of Rosneft, but we're setting up joint ventures where we may own twenty percent of the company, we may own forty-nine percent of the company. We're unlikely to ever own a majority in the company.

Up to this point in time, those have all been inside Russia, to the east of the Urals. But over time, they may move outside of Russia as well. In fact—not that we engineered this, but Eni owned a hundred percent of this giant gas field in the Nile River Delta, the Zohr field. We purchased another ten percent of it with an option to buy another five percent, and Rosneft has now bought thirty percent of it with an option to buy another five percent of it. We could—we're already partnering with Rosneft in this field in the Nile River Delta, together with our Italian partners. That could be a model for more things to happen like that in different parts of the world, as well.

It's a strong relationship with Rosneft. They're good partners. We enjoy working with them. There's a good personal relationship between Bob Dudley and Igor [I.] Sechin. We'll see where that could lead to. For the time being Rosneft is our partner of choice in Russia, and we will focus on developing that relationship.

Q: That's more positive. There we go [laughs].

Charow: Yes.

Q: Before I end, are there any—anything else you want to add, Peter? Or final reflections on Harriman, or anything?

Charow: [Laughter] I don't know what to say. As I get closer and closer to the end of my BP career, one of the things I think about more and more inside the BP, but also more broadly, is how to help develop and bring along the next generation. Who knows? Maybe that's something that someday I'll be able to actually do actively with Harriman. I'm certainly doing it here, now.

Q: Yes.

Charow: I've got a colleague who teaches at Yale, who has asked me if I would come to Yale and teach some courses there. It's not like I'm looking for a job, but it's just something that I would like to do.

Q: Yes, it would be great for—everybody [laughs].

Charow: Yes, I think it would be a fun thing. I enjoy—I mean, one of my really fondest memories from Columbia and Harriman was teaching Bialer's classes for him [laughter].

Q: Yes, so it would be a full circle, right?

Charow: Right. Exactly. That was a great experience.

Q: Okay. Well, thank you again for all of your time—

Charow: You're welcome, Caitlin.

Q: —for your stories. It was very interesting.

Charow: Thanks for making all the trips.

Q: Oh, my pleasure.

[END OF INTERVIEW]