



BY MICHAEL PETERS

SIGHTLINES

Mother Russia

WORLD POLITICS MAY SLOW THE THE PACE OF MEGAYACHT BUILDS.

For the past six or seven years the yacht industry has taken quite a hit at the hands of the worldwide financial crisis. The only really bright spot that I can think of has been the megayacht sector, whose shipyards have been booked building bigger and bigger yachts for an elite few. Quite conspicuously, a whole new clientele has recently appeared, bearing the Russian flag.

It is utterly remarkable to see the rapid accumulation of wealth the Russian oligarchs have amassed, given that it was only 1991 when the Soviet Union dissolved after 45 years of cold war with the west. How happy these lucky guys must have felt to have good connections with men like Putin and finally get their shot at capitalism, Moscow style. Perhaps the wealthiest of all these men is Vladimir Putin himself, with a net worth estimated in excess of \$70 billion, and he only has a government job. According to reports, his job as president comes with four yachts.

So now, after 20 years of staying out of the spotlight, and learning capitalism perhaps better than the rest of us, Putin and his Mother Russia have thrown a sort of coming-out party. He and his friends dumped \$50 billion into the Sochi Winter Olympics and took first in show. A day after winning the Olympics, he struts his stuff across the street and annexes Crimea. To a worried crowd of western nations, he makes it clear, "We're back!" A new dictator is born and Russia is set on becoming a superpower again.

No one knows if another Cold War is about to begin, but we do know that Russia is not about to back down on its own, so the United States and much of Europe is standing up to the bear with economic sanctions on individuals and businesses. In response, Putin has called his buddies home from London, Monaco, and Geneva to protect their wealth from the reach of western banks and asset seizures.

At least ten of the world's largest, recently built yachts are Russian owned and more are on the order books with European shipyards. Russian money filled the coffers of megayacht builders during the Great Recession, while other builders around the world went out



What do you think of the 390-foot Blohm + Voss build A (shown) and other megayachts reportedly owned by Russians? Let Michael know at inbox@pmymag.com.

of business. Yachts with names like *A*, *Luna*, *Dilbar*, *Pelorus*, *Ocean Victory*, *Palladium*, *Serene*, *Eclipse*, and *Ice* are owned by men with surnames like Abramovich, Rashnikov, Melnichenko, Akhmedov, and Kerimov. All these men made their money at the pleasure of Putin.

The largest of these builds took place at the world's great shipyards, with the majority coming from places like Blohm + Voss, Lürsen,

and Fincanteri. With the average price of these 300- to 500-foot yachts in the hundreds of millions of dollars, imagine the uncertainty and stress accompanying these projects, knowing that your client's assets could be frozen any day. This is not good news for the megayacht industry, which still relies heavily on this brand of newly rich Russians.

It's been quite a party for these guys for the last decade, but it may prove to be short-lived, as Russia retracts inward in search of a new identity as a world power. Personally, I never imagined this end of the yacht business as a growth market and was never attracted to it like so many designers. I have always had trouble designing a boat with no expressed purpose for someone with nothing more than a supersized ego and a bottomless bank account. These yachts are fun to look at and ogle in magazines, but they really are not for the rest of us.

Relations are getting colder as the sanctions begin to take their toll. Putin countered western sanctions with the refusal to import food for his own people, and may someday turn away luxury goods as further economic punishment of his enemies. This is the distorted logic of a hopeless romantic in search of the good old days. To end this bout of Russian aggression, all his oligarch buddies hanging around Europe need to take their friend Vladimir aboard one of their opulent yachts and tell him that this aggression crap is about to ruin their party. They should remind him that the old days weren't quite as good as he remembers, when none of them had private jets, or villas in the south of France, or megayachts stocked with beautiful Russian girls. They should let him know that they have had 20 years of this life and they would like to keep it. □