

# Vladimir Putin's Press Conference: "Military Force to Protect [ISIS] Smuggling Operations... 11,000 Oil Trucks"

By [Pres. Vladimir Putin](#)

Region: [Russia and FSU](#)

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**The President's news conference was broadcast live by Rossiya-1, Rossiya-24 and Channel One, as well as Mayak, Vesti FM and Radio Rossii radio stations.**

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Television channel Public Television of Russia (OTR) and its site (<http://www.otr-online.ru/online/>) provided live sign language interpretation of the news conference.

President of Russia Vladimir Putin: Friends and colleagues,

We regularly meet at the end of the year. Only recently I made my Address [to the Federal Assembly]. Honestly speaking, I do not know what else to add to what I said then. I believe I covered all the key points.

Nevertheless, there must be issues, which you want us to clarify. When I say 'us', I am referring to my colleagues in the Presidential Executive Office and the Government Cabinet and myself.

Therefore, I suggest that we skip any lengthy monologues and get right down to your questions so as not to waste time.

Mr Peskov, please.

Presidential Press Secretary Dmitry Peskov: Last year we started a good tradition by beginning the press conference with a question from one of the most experienced members of the Kremlin's press pool, Vyacheslav Terekhov. However, we have another press pool old-timer, Alexander Gamov from the Komsomolskaya Pravda. I would like to give him the opportunity to ask the first question.

Alexander Gamov: Thank you very much Mr President, for your 11<sup>th</sup> press conference of this kind.

Here is my question. Before coming here, I reread the transcript of your last year's press conference, and there we also discussed the difficult situation developing in the Russian

economy. When Vyacheslav Terekhov and our other colleagues asked you then how long it would take to get over this complicated situation, you said in the worst case scenario this would take a year or two. These were your words. I am sure you remember them. This means this would be roughly late 2016 – early 2017.

Could you please tell us if your feelings regarding our economic recovery have changed? The country is going through very hard times, and you know this better than we do. What is your forecast for the future?

Sorry, I forgot to introduce myself: Alexander Gamov, Komsomolskaya Pravda – radio station, website and newspaper. Thank you.

Vladimir Putin: To begin with, I will tell you a very old joke.

Two friends meet and one asks the other: "How are you?" The other says: "My life is all stripes – black stripes followed by white ones." – "So which one is it now?" – "Now I'm in the black one." Another six months pass, they meet again: "How's life? I know it's all stripes, but which one is it now?" – "It's black now." – "But it was black last time!" – "Looks like it was white last time."

We are having something very similar.

When a year ago we spoke of our plans and how we would move ahead to recover from the crisis, about our prospects, we, knowing that unfortunately our economy is very dependent on foreign economic factors, mainly the prices for our traditional exports like oil and gas, petroleum products and chemicals, which are all calculated based on oil and gas prices, proceeded from the idea that the average price of Brent, our crude oil, would be around \$100 a barrel.

This was in early 2014. We used this figure in all our further calculations of macroeconomic parameters, revenue and spending, and social support and support for the economy, and late last year the Economic Development Ministry built its development plans proceeding from these figures. However, by the end of this year we had to rerun all our calculations, and even last year we had to do this as oil prices fell almost by half, not by some percentage, but by half from \$100 a barrel to \$50.

We calculated the budget for next year based on this very figure, a very optimistic one of \$50 a barrel. However, now it is what — \$38? Therefore, I believe we will have to make further adjustments.

At the same time, I would like to use your question to demonstrate where we stand.

Statistics show that the Russian economy has generally overcome the crisis, or at least the peak of the crisis, not the crisis itself.

Naturally, after the drop in energy resource prices all our other figures started 'sliding'. What are they? The GDP has gone down by 3.7 percent. As of December 7, the inflation has reached 12.3 percent since the beginning of the year.

I find it important to say this, because there are sure to be other questions dealing with our development prospects and our current state of affairs. To understand these things we need to know these figures and proceed from them.

The real disposable household income has gone down; fixed investment has dropped by 5.7 percent over the first 10 months of the year. At the same time, as we have already said, statistics show that the Russian economy has generally overcome the crisis, or at least the peak of the crisis, not the crisis itself.

Starting with the 2<sup>nd</sup> quarter of this year, we have been observing signs of economic stabilisation. What leads us to such a conclusion? In September-October the GDP grew (it is growing already) by about 0.3-0.1 percent compared to the previous month. The volumes of industrial production stopped falling as of May. In September-October, we also had a small growth in industrial production – 0.2-0.1 percent. Incidentally, industrial production in the Far East grew by 3.1 percent.

Agriculture is demonstrating positive dynamics with an at least 3 percent growth. This means we are doing all the right and timely things to support agriculture. For the second year running our grain crops exceeded 100 million tonnes – 103.4. This is very good. I would like to use this opportunity to once again thank our agricultural workers for their effort.

The labour market is stable, with the unemployment rate hovering around 5.6 percent. We can see that if we look back at 2008, this is an overall positive result of the Government's efforts.

Our trade balance also remains positive. The overall trade volumes have gone down, but the export surplus remains at a rather high level of about \$126.3 billion. Our international reserves stand at \$364.4 billion – this is a slight reduction, but a good figure nevertheless.

The Russian Federation's external debt has gone down by 13 percent compared to 2014. Capital outflow has also significantly dropped. Moreover, in the 3<sup>rd</sup> quarter we observed a net inflow.

The reduction in our debt burden is a very important positive indicator. This is the other side dealing with the so-called sanctions. It would have been good, of course, to have access to foreign refinancing markets, so that all the money would stay in the country and help us develop, but on the other hand over-crediting is also a bad sign.

So, what did we do? Despite all limitations, we complied with all our commitments to our partners, including international credit institutions. We pay everything due on time and in full. As a result, the overall joint debt, which is not the state debt, but the total debt of our financial institutions and companies operating in the real sector of the economy – the overall joint debt has gone down, which is generally a very positive thing.

As I have already said, we are observing a net capital inflow, which is also a very positive factor, and I am sure experts are saying this as well. This means that investors, seeing the realities of our economy, are beginning to show some interest in working here. Despite the complicated situation, the fuel and energy complex continues developing. The production of oil, coal and electricity has grown. More than 4.6 gigawatt of new generating capacity will be commissioned by the end of the year.



Vladimir Putin's annual news conference.

We have already commissioned about 20 facilities; this is somewhat less than last year and the year before that. In the previous two years, we had an absolute record, but 4.6 gigawatt is also very good. We will retain this rate in the following years. This is also very important as it shows the growing capacity of the economy as a whole, its energy security.

The infrastructure is also developing actively. Russia's entire seaport infrastructure has grown by 19.5 million tonnes worth of capacity. I would like to use this opportunity to draw your attention to the fact that over the January-September period the volume of cargo loaded at Russian ports went up by 3 percent. What does this mean, colleagues? Why have our budget revenues from our export goods gone down? Because of the prices. Meanwhile, as we are observing growing trade turnover at the ports, it means the physical volume has not gone down but has actually increased. This is a very positive factor.

We continue developing our airport system. In the first nine months, our airports served over 126 million passengers, which is 2.5 percent more than last year. Internal air traffic has also grown noticeably – by more than 16 percent.

Despite the complicated financial and economic situation, we continue our responsible state financial policy. In the 11 months of this year federal budget revenue reached 12.2 trillion, spending – 13.1 trillion. The budget deficit, as we can see, stands at 957 billion. The expected budget deficit by the end of the year is about 2.8 – 2.9 percent of the GDP. This is a satisfactory figure for the current economic situation, even more than satisfactory.

To achieve a balanced federal budget this year we used our reserve fund. At the same time, it is very important that the sovereign funds generally remain at a healthy level of 11.8

percent of the GDP. The reserve fund amounted to 3.931 trillion rubles, which is 5.3 percent of the GDP, while the national welfare fund was 4.777 trillion rubles, which is 6.5 percent of the GDP.

We have complied with all our social commitments this year and are witnessing a natural population growth. This is a very good figure that speaks of the people's state of mind, shows that they have the opportunity to plan their families, which makes me very happy. Thus, 6.5 million Russian families have received maternity capital over the entire period since the programme was introduced. We have now extended this programme. I would like to remind you that in 2016 maternity capital payment will remain the same as in 2015 at 453,000 rubles.

In the majority of regions, the situation with accessibility of preschool facilities has been resolved by over 97 percent.

According to the Federal State Statistics Service, life expectancy at the end of this year is forecast to exceed 71 years.

We have complied with our commitments in terms of adjusting pensions to the actual inflation in 2014, with the PAYG component increased by 11.4 percent. As of April 1 of this year, social security pensions have gone up by 10.3 percent.

You began your question by asking about last year and our expectations for next year and the year after that. Proceeding from the current value of our exports, the Government is expecting our economy to achieve at least a 0.7 percent growth in 2016, 1.9 percent in 2017 and 2.4 percent in 2018.

I would like to draw your attention to the fact that all our calculations were based on the oil price of \$50 a barrel. Now the price is lower. Volatility is high. We will not rush to adjust the budget, as this would lead to a reduction in the funding of both the social and real sectors; however, the Government is of course working on different development scenarios. The Government should have this instrument available, to be ready for any developments.

Our calculations were based on the oil price of \$50 a barrel. Now the price is lower. We will not rush to adjust the budget, as this would lead to a reduction in the funding of both the social and real sectors; however, the Government is working on different development scenarios.

Of course, potential GDP growth is not limited to our export-related opportunities. We must also promote import replacement, as I said in my Address to the Federal Assembly, which is not a cure-all, but we believe that it will help us retool a large part of the production sector and the agriculture industry. This programme will enable us to introduce novel technology and, hence, to increase labour productivity. We must certainly continue working to improve economic management, to de-bureaucratise our economy, and to create more attractive conditions for doing business and for helping entrepreneurs achieve the goals that are facing them and the national economy as a whole. We will be working hard, with a focus on these targets.

Thank you for your question: it allowed me to use the materials at hand.

Yelena Glushakova: Thank you. Yelena Glushakova, RIA Novosti.



Good afternoon! Mr President, you said we are past the peak of the crisis, however the economic situation continues to be very disturbing, something economists say. In particular, your team mate Alexei Kudrin calls for reforms, but he is known to be an optimist.

This week, for example, your Ombudsman, Commissioner for Entrepreneurs' Rights, Boris Titov, expressed very disturbing thoughts. He said, in particular, that the Central Bank interest rate is extremely high. So our entrepreneurs, who for obvious reasons are unable to borrow in the West, cannot borrow in Russia either because the costs are too high. He said that if this situation continues, we will turn into Venezuela, where there is one national currency exchange rate on the black market and a very different official rate.

Do you share these concerns? Do you support the monetary policy of the Bank of Russia? Do you consider it necessary to lower interest rates?

Thank you.

Vladimir Putin: Please give a long applause for this question.

Naturally, these are everyone's concerns. And of course, everyone wants the Central Bank refinancing rate lowered, because everyone knows it guides commercial banks in lending to businesses. This, by the way, is not the only thing that affects the rates in the commercial sector, but a major one of course.

Boris Titov does the right thing in fighting for the interests of the business community, and it is important that we have such a man and such institutions. Why do you think I insisted on appointing a business ombudsman in the first place? Because I want to hear different points of view, and I do not want to miss important and essential elements of our economic life over all the current issues.

To begin with, I will simply answer your question. I support the policy that the Central Bank and the Government pursue to ensure macroeconomic stability. That is first.

Second, however much we want to lower the rate, it cannot be done by administrative methods. We have to work from the realities of our economy and its structure. Of course, I often hear this talk about interest rates being far lower outside Russia. Of course, there are lower rates. So they do it on purpose. But they have other problems, and a different economic structure. We are threatened by inflation, and they probably have deflation looming when manufacturers cannot sell what they make. That is their problem.

I support the policy that the Central Bank and the Government pursue to ensure macroeconomic stability.

We have a different problem. To lower the rate, we need to help the Central Bank and the Government suppress inflation and reduce devaluation risks and expectations, rather than snap at the regulator as was common in Soviet times in the planned economy. Once we can do both, once we start down this road, then the market will calm down naturally and Central Bank refinancing rate will decrease.

When there's a possibility to support the real economy, the Central Bank is doing it anyway. That said, it should not be pushed to do even more, since this could affect its ability to keep

the inflation at bay, which is one of the key issues, not the only, but still a very important one. It could prompt the question: Does the Central Bank have any objectives other than making sure that the country's financial and banking systems are up and running? And we can argue that this is the way things are at the present time. What else is the Central Bank doing? For example, together with the Government it is working on the so-called project financing programmes: the Government oversees a wide range of projects under various programmes worth tens of billions of dollars, about 250 billion already, and up to 500 billion moving forward. Under these programmes, the Central Bank provides funding to Russian private banks so that they can finance these specific programmes. The Central Bank is also involved in new investment projects. It uses a wide range of instruments. For now, this is enough.

Veronika Romanenkova: TASS news agency, Veronika Romanenkova.

Mr Putin, could you tell us in all honesty whether you are satisfied with the Government's work? To what extent are the initiatives that are being taken against the backdrop of crisis developments you've just described adequate? Can any changes in the Government line-up be expected?

Vladimir Putin: Well, as you may know or could have noticed throughout the years I've been in office, I a) value people highly and b) believe that staff reshuffles, usually, but not always, are to be avoided and can be detrimental. If someone is unable to work something out, I think that I bear part of the blame and responsibility. For this reason, there will be no changes, at least no major reshuffles.

We are working together with the Government on ways to improve its structure. This is true. This is about finding solutions for enhancing the Government's efficiency with respect to the most sensible economic and social issues. There are plans to this effect, but there's nothing dramatic about them and they don't boil down to specific individuals. Our efforts are aimed at improving the operations of this crucial governing body.

As for the question whether I'm satisfied or not, overall I think that the Government's work has been satisfactory. Of course, it can and should be even better. An anti-crisis plan was drafted and enacted in early 2014. I don't remember its exact title, but essentially this was an anti-crisis plan. If you look at what has been done, you can see that unfortunately 35 percent or more than one third of the initiatives listed in this plan have yet to be implemented. This goes to show that efforts on the administrative, organisational front undertaken by various ministries and agencies did not suffice to respond to the challenges we are facing in a prompt and timely manner. However, let me reiterate that overall in terms of its strategy the Government is moving in the right direction and is efficient.

I think that the Government's work has been satisfactory. Of course, it can and should be even better, but overall in terms of its strategy the Government is moving in the right direction and is efficient.

Let's give the floor to Tatars. There is such a big poster. How can we possibly do without Tatars? Nothing is possible without Tatars here.

Yelena Kolebakina: Thank you very much, Mr President. I am Yelena Kolebakina with Tatarstan's business newspaper Business Online. The people of Tatarstan will not forgive me

if I do not ask you these questions.

In your address, you said – you stressed, actually – that the kind, hard-working people of Turkey and the ruling elite should not be put on the same plane and that we have a lot of reliable friends in Turkey. As you know, over the years Tatarstan has forged extensive economic and cultural ties with Turkey. What are we supposed to do now? Rupture these ties, cut our bonds with the entire Turkic world? After all, this is precisely the message of Vladimir Medinsky's recent telegram with his recommendation that all contacts with the international organisation of Turkic Culture (TURKSOY) be broken. What is to be done with the Turkish investors who have invested a quarter of all foreign direct investment in Tatarstan? This is my first question.

And allow me to ask the second question or the people of Tatarstan will be unhappy. In keeping with the federal law, from January 1, 2016, President Rustam Minnikhanov of Tatarstan will no longer be referred to as president. However, this can hurt the ethnic feelings of all Tatars in the world while you – let me remind you – have always said that in accordance with the Constitution, it is up to the republic itself to decide what to call the head of the region. So, will the federal centre insist on renaming the position of the head of Tatarstan after all?

Thank you.

Vladimir Putin: Yes, I saw the “Turkey” poster. Please go ahead with your question and you too. We will sort this out.

Yelena Teslova: Yelena Teslova with the Anadolu news agency. I have a similar question. I would also like to start off with the fact that in your Address to the Federal Assembly, you said that we should not put the Turkish people and the part of the Turkish elite that is directly responsible for the death of our military personnel in Syria on the same plane. On a day-to-day level, however, the impression is somewhat different. Complaints are coming to the Turkish embassy in Moscow from students saying they have been expelled and from business people who say they are about to be deported. What is to be done about this?

The second question concerns Syria. The position on the fate of the Syrian president is well-known. Russia says it should be decided by the Syrian people while the United States and its allies insist that he has no political future. Did you address the issue with John Kerry during his visit to Moscow? Will this issue be raised in New York? Thank you.

Vladimir Putin: And your question please.

Fuad Safarov: Mr President, Fuad Safarov with the Turkish news agency Cihan.

The rapid deterioration of relations between Russia and Turkey benefits neither side. What is more, this has only harmed both sides. Do you believe there is a third party in this scenario?

The second question, if you allow me. An Islamic anti-ISIS coalition was established recently, but we know that there is also the NATO-led coalition and the Russian-Syrian coalition. It turns out that there are three coalitions against ISIS. Is it really so difficult to deal with this evil? Maybe there are some other goals and some other plans here? Maybe it is not ISIS that is the problem? Thank you.





Vladimir Putin's annual news conference.

Vladimir Putin: Okay, I will talk about Syria in the end. Now, regarding the conflict that has flared up. We believe that the actions of the Turkish authorities (in relation to our warplane, which they shot down) are not an unfriendly, but a hostile act. They shot down a warplane and our people were killed.

What outraged us so much? If it was an accident, as we heard later, apparently, the Turkish authorities did not even know it was a Russian plane... What is usually done in such cases? After all, people were killed. They immediately make a phone call and straighten things out. Instead, they immediately ran to Brussels, shouting: "Help, we have been hurt." Who is hurting you? Did we touch anybody there? No. They started covering themselves with NATO. Does NATO need this? As it turned out, apparently it does not.

What is the most important thing for us? I want you to understand this. I want our people to hear this and I want Turkey to hear this as well. Apart from the tragedy, the fact that our people were killed, what has upset us so much, do you know? After all, we have not abandoned cooperation. When I was last in Antalya I had contact with Turkey's entire leadership. Our Turkish colleagues raised very sensitive issues and asked for support. Even though our relations have soured now (I will not say what the issue was - this is not my style), but believe me, they raised issues with us that are very sensitive and that do not fit into the context of international law when we consider the decisions proposed by the Turkish side.

You will be surprised, but we said, "Yes, we understand, and we are willing to help." You see, I had not heard about the Turkomans (Syrian Turks) before. I knew that Turkmen - our Turkmen - lived in Turkmenistan, and so I was confused... Nobody told us about them. But after we indicated our willingness to cooperate on the issues that are sensitive to Turkey,

why did not they phone us via the cooperation channels between our militaries to say that during our discussions we overlooked a certain part of the border where Turkey has vested interests. They could have expressed their concerns or asked us not to hit certain areas. But nobody said anything.

As I said, we were willing to cooperate with Turkey on very sensitive issues. So why did they do it? Tell me, why? What have they accomplished? Did they think we would just pack up and go? They could not have thought that of course, Russia is not that kind of country. We have increased our presence and increased the number of warplanes [in Syria]. We did not have air defence systems there, but after that we dispatched S-400 systems to the area. We are also adjusting the Syrian air defence system and have serviced the highly effective Buk systems that we had sent them before. Turkish planes used to fly there all the time, violating Syrian air space. Let them try it now. Why did they do it?

You asked if there is a third party involved. I see what you mean. We do not know, but if someone in Turkish leadership has decided to brown nose the Americans, I am not sure if they did the right thing. First, I do not know if the US needed this. I can imagine that certain agreements were reached at some level that they would down a Russian plane, while the US closes its eyes to Turkish troops entering Iraq, and occupying it. I do not know if there was such an exchange. We do not know. But whatever happened, they have put everyone in a bind. In my opinion – I have looked at the situation and everything that has happened and is happening there – it appears that ISIS is losing priority. I will share my impressions with you.

Some time ago, they invaded Iraq and destroyed that country (for good or bad is beside the point). The void set in. Then, elements tied to the oil trading emerged. This situation has been building up over the years. It is a business, a huge trafficking operation run on an industrial scale. Of course, they needed a military force to protect smuggling operations and illegal exports. It is great to be able to cite the Islamic factor and slogans to that effect in order to attract cannon fodder. Instead, the recruits are being manipulated in a game based on economic interests. They started urging people to join this movement. I think that is how ISIS came about. Next, they needed to protect delivery routes. We began attacking their convoys. Now, we can see that they are splitting up with five, six, ten, fifteen trucks hitting the roads after dark. However, another flow, the bulk of the truck fleet, is headed for Iraq, and across Iraq through Iraqi Kurdistan. In one place there – I will ask the Defence Ministry to show this picture – we spotted 11,000 oil trucks. Just think of it – 11,000 oil trucks in one place. Unbelievable.

Whether there is a third party involved is anyone's guess, but a scenario whereby these moves were never agreed with anyone is quite likely. However, today, the Turkish authorities are taking quite a lot of heat – not directly, though – for islamising their country. I am not saying if it is bad or good, but I admit that the current Turkish leaders have decided to let the Americans and Europeans know – yes, we are islamising our country, but we are modern and civilised Islamists. Remember, what President Reagan said about Somoza in his time: "Somoza may be a son of a bitch, but he is our son of a bitch." Just keep it in mind, we are Islamists, but we are on your side, we are your Islamists.

There may be such an overtone, but nothing good came out of what happened. The goals, even if Turkey had any, not only were not achieved, but, on the contrary, only exacerbated the situation.

Now, regarding Turkic peoples residing in Russia. Of course we should maintain contacts with those who are close to us ethnically. I am saying “us,” because Turkic-speaking peoples of Russia are part of Russia, and in this sense the Turkish people, whom I mentioned in my Address as a friendly people, and other Turkic-speaking peoples remain our partners and friends. Of course, we will and must maintain contacts with them.

We have learned from experience that it is hard or almost impossible to reach common ground with the current Turkish leadership. Even when we tell them “yes, we agree,” they are trying to outflank or stab us in the back for absolutely no good reason.

Consequently, I do not see any prospects for improving relations with the Turkish leaders in terms of state-to-state relations, while remaining completely open to humanitarian cooperation. However, even this area is not without issues. I think that Turkish leaders have actually gone beyond their own expectations. Russia is forced to impose restrictive economic and other measures, for example, in tourism.

You know, the creeping islamisation that would have made Ataturk turn over in his own grave, affects Russia. We know that there are fighters from the North Caucasus on Turkish soil. We have told our partners time and again: “We do not do such things with respect to Turkey.” But these fighters are still there, they receive treatment and protection. They benefit from visa-free travel arrangements and are able to enter Russian territory using Turkish passports and disappear, while we have to go after them in the Caucasus or in our million plus cities. For this reason, we will certainly have to do it along with a number of other initiatives to ensure our national security.

As for the President of Tatarstan, there is a saying in Russia: “Call me a pot but heat me not.” This is Tatarstan’s business. I do not think that this is such a sensitive issue or that it could hurt national feelings. You know the people in the Caucasus always react vehemently to all issues related to their national identity. However, even Chechnya said: no, the country should have only one President, and we will not call the head of the Republic this way. This was the choice of the Chechen people. We will respect the choice of the people of Tatarstan. It is up to you to decide, all right?

Anton Vernitsky: Anton Vernitsky, Channel One.

Vladimir Putin: I am sorry, I forgot, but I wrote down your question. Again, I am sorry, Anton.

The fate of the Syrian president. I have said it many times, and I would like to repeat it: We will never agree with the idea of a third party, whoever it is, imposing its opinion about who governs who. This is beyond any common sense and international law. Of course, we discussed it with US Secretary of State Kerry. Our opinion remains the same, and this is our principled approach. We believe that only Syrians can choose their leaders, establish their government standards and rules.

Therefore, I will say something very important now. We support the initiative of the United States, including with respect to the UN Security Council draft resolution on Syria. The Secretary of State’s visit mainly focused on this resolution. We generally agree with it. I think Syrian officials will agree with the draft, too. There may be something that somebody does not like. But in an attempt to resolve this bloody conflict of many years, there is always room for compromise on either side. We believe it is a generally acceptable proposal, although there could be improvements.

As I have said before, this is an initiative of the United States and President Obama. This means that both the US and Europe are highly concerned with the current situation in the Middle East, Yemen, Syria and Iraq. We will do what we can to help settle the crisis and will aim to satisfy all parties with our solutions, however complicated the situation.

But first, it is necessary to work together on a constitution and a procedure to oversee possible future elections. It must be a transparent procedure that everyone trusts. Based on these democratic procedures, Syria will decide which form of government is the most suitable and who will lead the country.

Anton Vernitsky: Back to the Syria issue. Mr Putin, do we have a clear-cut plan on Syria or we are acting impulsively? I mean, Turkey shot down our plane and we immediately increased our military presence in Syria. When will our military operation end? What will you regard as the end point of our military operation in Syrian airspace?

Do you believe that the intra-Syrian conflict can, after all, be switched to a political track? Though you already talked about it, is it possible?

Vladimir Putin: I was trying to answer this just now. We think that, A, it is possible; and, B, we believe that there is no other way to resolve the situation. This will have to be done in any case sooner or later, and better sooner than later because there will be fewer casualties and losses, and there will be fewer threats, including to Europe and to the United States as well. Look, 14 people were killed in the United States – ISIS has made its way into the US. US law enforcement has acknowledged that it was a terrorist attack committed by ISIS, so it is a threat to everyone. And the sooner we do it, resolve this, the better.

Let me repeat, there is no solution to this problem except a political one. Do we have a plan? Yes, we do, and I just spelled it out. In its key aspects, strange as it may sound, it coincides with the American vision, proposed by the United States: cooperative work on the constitution, creating mechanisms to control future early elections, holding the elections and recognising the results based on this political process.

Of course, it is a complicated objective and of course there are various mutual grievances: some do not like this group and others do not like that group, some want to work with the Syrian Government and others refuse to do so categorically. But what is necessary is that all conflicting parties make an effort to meet each other halfway.

Anton Vernitsky: And the military operation?

Vladimir Putin: What about the military operation? We said a long time ago that we will carry out air strikes to provide support for offensive operations by the Syrian army. And that is what we have been doing while the Syrian army conducts their operations.

By the way, I have recently said publicly – the idea was proposed by Francois Hollande – that we should try to pool the forces of the Syrian army and at least part of the armed opposition in the fight against ISIS. We have succeeded in working towards this goal, even if partly.

At the least, we have found common ground with these people. This part of the Syrian opposition, these irreconcilable and armed people want to fight against ISIS and are actually doing so. We are supporting their fight against ISIS by delivering air strikes, just as we are doing to support the Syrian army. When we see that the process of rapprochement has begun and the Syrian army and Syrian authorities believe that the time has come to stop

shooting and to start talking, this is when we will stop being more Syrian than Syrians themselves. We do not need to act in their place. And the sooner this happens, the better for everyone.

Dmitry Peskov: Mr Brilyov, do you have anything to add?

Sergei Brilyov: Thank you. Yes, I want to add to what my Turkish colleagues and Anton [Vernitsky] have said.

Mr President, first I would like to ask if the Turkish ship has sailed. Can President Erdogan do anything to reverse the situation? And second, we do not have to be more Syrian than Syrians themselves, but since Turkey's actions have forced Russia to increase its contingent at Latakia, maybe we should keep that base to ensure stability in Syria and the rest of the Eastern Mediterranean?

Vladimir Putin: I do not want to answer for other people and the leaders of other countries. If they believe it possible and necessary to do something, let them do so. We do not see any change so far. So why should I speak about it now? That is my answer to the first question.

As for the second question, about the base, opinions differ, you know. Some people in Europe and the US repeatedly said that our interests would be respected, and that our [military] base can remain there if we want it to. But I do not know if we need a base there. A military base implies considerable infrastructure and investment.

After all, what we have there today is our planes and temporary modules, which serve as a cafeteria and dormitories. We can pack up in a matter of two days, get everything aboard Antei transport planes and go home. Maintaining a base is different.

Some believe, including in Russia, that we must have a base there. I am not so sure. Why? My European colleagues told me that I am probably nurturing such ideas. I asked why, and they said: so that you can control things there. Why would we want to control things there? This is a major question.

We showed that we in fact did not have any medium-range missiles. We destroyed them all, because all we had were ground-based medium-range missiles. The Americans have destroyed their Pershing ground-based medium-range missiles as well. However, they have kept their sea- and aircraft-based Tomahawks. We did not have such missiles, but now we do – a 1,500-kilometre-range Kalibr sea-based missile and aircraft-carried Kh-101 missile with a 4,500-kilometre range.

So why would we need a base there? Should we need to reach somebody, we can do so without a base.

It might make sense, I am not sure. We still need to give it some thought. Perhaps we might need some kind of temporary site, but taking root there and getting ourselves heavily involved does not make sense, I believe. We will give it some thought.

Dmitry Peskov: Colleagues, let's be respectful of each other and ask one question at a time, OK? So that everyone can get the chance to ask a question. Terekhov, Interfax, please go ahead.

Vladimir Putin: Sorry, here's Ukraine, our sister republic. I'm never tired of saying it over



and over again. Please go ahead.

Dmitry Peskov: Microphone to the first row, please.

Roman Tsimbalyuk: Thank you for the opportunity to ask a question, even though we are not Turks, but Ukrainians.

Vladimir Putin: I can see that, yes.

Roman Tsimbalyuk: Mr Putin, as a follow-up to your allegations that there are no Russian servicemen in Donbass, Captain Yerofeyev and Sergeant Alexandrov, Third Brigade, the city of Togliatti, send their regards to you.

Are you going to exchange them for Sentsov, Savchenko, Afanasyev, Kolchenko, and Klykh? And the list goes on.

One more question, if I may, just to continue my first question: The Minsk Agreements are coming to an end, and none of the parties have complied with their provisions. So, what should we expect from you come January 1? Are you going to launch an offensive again, come up with some negotiation ideas, or maybe forget about Ukraine for a while? Thank you.

Vladimir Putin: Regarding exchanges. We've never said there are no people there who deal with certain matters, including in the military area, but this does not mean that regular Russian troops are present there. Feel the difference. This is the first point.

Second, you mentioned two or three people you propose exchanging and then offered a long list of persons to exchange them for. First of all, the exchange should be equitable. Second, we should discuss everything calmly with our colleagues, talk and propose what we have always insisted on and what the Ukrainian President has proposed. People who are being held on one side and those held on the other should be released. This applies above all to people from Donbass, southeastern Ukraine, and Ukrainian servicemen who were detained in these territories. However, the exchange should proceed on an equitable basis.

What am I talking about? It's no secret that the Ukrainian authorities regard all those detained and held in Donbass as people who are subject to exchange while those who are held in Kiev prisons are considered criminals and therefore outside the scope of this exchange. People in Donbass don't agree with this. This should be treated fairly and it should be said: Let's exchange all for all, as President Poroshenko proposed, not selectively – we'll exchange these but not those. This is the line to take here and we support it. We have a lot of disagreements with the Ukrainian authorities but here we have a common position.

Now regarding January 1. On January 1, regrettably for us, we predict a deterioration in our economic relations because we had to make the decision that from January 1, we will no longer treat Ukraine as a member of the CIS free trade zone.

EU leaders have proposed and asked me not to expel Ukraine from the free trade zone and not to strip it of preferences in trade with Russia in the hope that we will negotiate in a tripartite format – Russia-EU-Ukraine – for a year and make certain changes in various formats, so that if the EU association agreement itself is not changed, we will introduce certain amendments through additional protocols to address our concerns and guarantee

our economic interests. In the period before July, we had asked a hundred times for a tripartite meeting. Contact was only established in July, you see? The result was practically zero.

Only recently, I met with the German Chancellor and President of the European Commission in Paris. We received a document. It was their chance to gain a respectable audience. I'll explain the specifics shortly. We've tried to maintain good economic relations with Ukraine, since Ukraine is member of the free trade area which offers mutual preferences and zero rates. In its economic relations with Russia and the CIS, Ukraine has used standards, technical regulations and customs rules which we inherited from the past and which we are gradually changing together. Ukraine is unilaterally withdrawing from this system and joining the European standards. Those, for example, state that all the goods in the Ukrainian market must comply with EU technical standards and regulations. But see, our products don't comply with them yet.

Does this mean Ukraine has to keep our goods from its market? Okay, they heard us. Now Ukraine is officially allowed to keep both compliant and non-compliant products in their market. It's not an obligation but a right. Whether it uses it or not, we don't know. They have the right to establish a subcommission to decide, but again, it is not an obligation. However, Russia is expressly required to maintain all preferences in place. No, it doesn't work that way.

Moreover, one doesn't have to be an expert to see that Russia is required to bring CIS customs regulations into compliance with EU standards.

In Paris, I told them: this doesn't make any sense. The three of us (Russia, Belarus and Kazakhstan) have argued for years about these customs duties. And you want us to change the CIS customs regulations just because Ukraine entered into this agreement with the EU. This is not a fair requirement. It will take years to accomplish.

Also, it was stated that we must comply with EU phytosanitary requirements. Ukraine is willing to do so but nobody discussed it with us. It is expressly written that Russia has agreed to comply. Since when? We may be in favour of the idea but it will take time. How can you not understand that it takes time and money? Tens, maybe hundreds of billions of dollars. We need time too.

By the way, they told me in Paris, "But our standards are better and maybe you had better switch to those standards." Well, it is true, and we want to, but we need money – we need investments. And we still have our access to external financing blocked. You understand that it is impossible, I said, so why did you write all this? They said, "But we have not read this yet." Look, you have not even read it, but you sent us this official paper. Should we agree with it?

Now, about what we will do. We are not going to impose any sanctions on Ukraine – I want this to be heard. We are just switching to a most-favoured-nation treatment in trade. Which means conditions for Ukraine will not be any worse than those for our other foreign partners. But of course, Russia will grant no more privileges or preferences to Ukraine from January 1, 2016.

What will this mean in practice? In practice, it means that the zero tariffs in trade between Russia and Ukraine will change to the weighted average tariff of 6 percent. Various rates will

range from 3 to 8 or 10 percent. But this is not our choice. We have fought for this not to happen. But they did not want to listen to us. They did so unilaterally and in the style I just described to you. But we have to work in the conditions we have.

Now, about launching offensives. I tell you frankly that we are not interested in exacerbating the conflict. On the contrary, we are interested in resolving this conflict as soon as possible, but not by way of physical annihilation of people in southeastern Ukraine. By the way, take a look at the results of the municipal elections and see the voting pattern in the area. In nearly all the regions – nine or ten, I think – the opposition bloc came first or second.

Even in those territories of Donbass that are controlled by the Ukrainian authorities, the Lugansk Region, more than 43 percent voted for the opposition. Don't the Kiev authorities see this? Are they so reluctant to take into account the sentiments and expectations of their own people? We very much hope that we will have an open, honest dialogue.

Now about the Minsk Agreements. We have heard it a hundred times that Russia must comply with the Minsk Agreements. And this is what we want! Let's look at their provisions. First – to introduce amendments to the Constitution and coordinate them with Donbass on a permanent basis. Has this been done? Transitional provisions were amended, it seems. And what are those amendments? The law on the special status was incorporated into the transitional provisions. "On a permanent basis?" I ask all my colleagues. They all say, "Yes, permanent." I say, "Do you know that this law has only been adopted for three years? A year has already passed." They all say, "Really?" I say, "Yes." "Is that true, Mr Poroshenko?" He answers, "Yes." This is almost a direct quote. Everybody says, "You know, he should do it on a permanent basis." I say, "He should, nobody is stopping him."

Now the law on the special status. Has the Rada passed this law? Yes, it has. Under the Minsk Agreements, it should be "implemented within 30 days by having the Rada adopt a resolution to this effect." Have they adopted the resolution? Yes. But how? They added an article, I think number 10, to the law, which stipulates that it can only be implemented after elections, which means more delays. I told them, "Listen, it says here that the law must be implemented." "No, it does not. It says: the Rada must pass a resolution. We have done it. That is it." But this is a manipulation.

If we really want to resolve the problem, let's stop this, let's work together. And we are willing to influence people in the southeast of the country and persuade them to accept a compromise. We are willing and we want it to happen, but we need our partners in Kiev to be willing as well.

Vyacheslav Terekhov: Hello, Mr President. You just talked about a significant expansion of the military presence in the conflict zone in Syria.

Vladimir Putin: There you go again about Syria. Ask me about the national economy.

Vyacheslav Terekhov: No, about Russia, not Syria.

Sanctions are in force, oil prices are falling and there are not only sanctions but also a crisis. Will Russia have enough resources for all this?

Vladimir Putin: For what?

Vyacheslav Terekhov: For military operations, the expansion of its military presence, for survival. In addition to this, there are more than enough other problems to deal with. Meanwhile, resources – this is not only money and military officers. A popular expression has just come to my mind: “It’s easy to start a war but difficult to end one.”

Vladimir Putin: We did not start a war. We are conducting limited operations with the use of our Aerospace Forces, air-defence systems and reconnaissance systems. This does not involve any serious strain, including strain on the budget. Some of the resources that we earmarked for military training and exercises – we simply retargeted them to the operations of our Aerospace Forces in Syria. Something needs to be thrown in, but this does not have any significant impact on the budget.

You see, we hold large-scale exercises. Take the Centre or Vostok-2015 drills alone. Thousands of people are involved. Thousands are redeployed from one theatre to another. There are hundreds of aircraft and so on and so forth. We simply direct a part of the resources to the operation in Syria. It is difficult to think of a better training exercise. So, in principle, we can keep training for quite a long time there without unduly denting our budget.

As for other components, yes, that is an issue – I mean the economic problems we are faced with. We know what needs to be done and we know how to do it, and we talk about this publicly.

What can be said in this regard? If we go back to the economy, of course, here we need to implement import replacement programmes (I believe I mentioned this earlier). Not just import replacement as such, but we need to modernise our economy, enhance labour productivity, improve the business climate and ensure effective public demand. This is an element of our economic drive.

We need to carry out an array of measures that the Government has publicly announced. And this is what we will do.

Anastasia Zhukova: Hello, I am Anastasia Zhukova from Tul’skiye Novosti. Here’s my question. A tragedy occurred in Tula last year when two babies were burned in a local maternity home. One of them was seriously injured and suffered burns to almost 80 percent of his body. The issue of his adoption is being reviewed now. People from all over the country are worried about Matvei’s fate. They worry that he will be institutionalised. They think the boy will end up in a nursing home. Most Russians and foreigners want him to be adopted by a loving family.

Mr Putin, can you please see to his fate and personally control his adoption and treatment? And what do you think can be done to prevent such accidents from happening again? Thank you.

Vladimir Putin: This is a horrendous, terrible story. It is impossible to think about it or talk about it without tears. What a horrible tragedy. I simply do not want to say any more about it now – it is just awful.

The problem is not rooted in healthcare. No matter how much money is allotted to it, there will always be people who will be criminally negligent in fulfilling their duties. This needs to be monitored. The attitude of personnel to their duties should rest on a completely

different approach.

As for a nursing home or adoption, I know that the entire country is watching the developments. I know this anyway, and we are keeping an eye on it. Moreover, several people (not one, two or three), several families not only want to adopt Matvei but are fighting for him. I wish them success and want to thank them for this. I hope this issue will be resolved very soon.

Young lady, I promised you – go ahead please.

Yekaterina Vinokurova: Thank you for keeping your promises, Mr Putin. Yekaterina Vinokurova, Znak.com.

It is December 2015. You have been at the helm for 15 years, and so we can say that a certain system of authority has evolved. I have a question about a very dangerous aspect of this system because we can see especially clearly now that a very dangerous second generation of the elite has grown up over this period. One of them is Rotenberg Jr, who has received the country's long-haul truckers as a present. Another is Turchak Jr, who cannot be summoned for questioning over the assault of Oleg Kashin, even though journalists continue to be beaten up in his region. These are also the children of Chaika, who have a very murky business, which should be investigated. Sorry, but I do not give a damn whether this is a paid-for reporting or not, because even rumours must be investigated. There are many more such children who are unable to revive or even preserve Russia, because they are not the elite but only a poor semblance of it.

At the same time, when journalists investigate something or public accusations are made as in the case of Prosecutor General Chaika and his team, the authorities, instead of launching an investigation, shout that the rumour is being spread by the hateful State Department or Obama, or order an inspection – for instance, how the prosecutor's office dealt with the Dozhd TV Channel, which helped investigate the problem. When the long-haul truckers hold protests, they are accused of acting on somebody's orders, whereas instead you simply need to talk to them.

Mr Putin, I have a simple question. Did you expect to see these results when you assumed power in 2000? Maybe the situation needs improving before it is too late? Thank you.

Vladimir Putin: Let's start with results. If we want to be objective, we will have to admit that these are not the only results. Our best achievements are higher incomes for the people and a stronger economy, which has grown by nearly 100 percent. Our GDP has almost doubled. These are our results. Stronger defences and improved capabilities of our Armed Forces – these are the results. The fight against terrorism, which we have not defeated yet but we have definitely broken its back – these are the results.

As for the problems of secondary importance you mentioned, they can happen anywhere. Now for the reaction of the media and the public to the activities of our high-level officials' children. Take young Rotenberg, whom you mentioned: his father does not hold any government posts, as far as I know. Maybe he has found his way into a government agency since I last looked, but I do not think so.

As for Mr Chaika, and who else? Turchak and the rest. I am aware of the reports by the media and online that, say Turchak was involved in beating up journalists. Is he



the one responsible or is his father involved? There is a famous Soviet-era joke, when an HR manager says: We are not going to promote this guy. Why? He had an incident with a fur coat. It turned out that five years ago his wife's fur coat was stolen in a theatre. Something had happened, so the guy will not be promoted, just in case. This should not be our attitude. You are right to raise this issue. No, I really mean it. This provides us with an opportunity to respond... I mean, it is our obligation to respond.

Regarding all the issues you have mentioned, especially those related to the children of high-ranking officials... Let's take for example the Prosecutor General – he heads a very important institution. We have to understand did the Prosecutor General's children commit an offence or not? Does anything point to a conflict of interest in the Prosecutor General's work? Did he assist or help his children in any manner? For that, we have the Presidential Control Directorate. I did not want to mention this issue, but it does not mean that we are not working on it. All the information should be carefully reviewed. The same goes for examining all the reports online.

Let's now move to the truck drivers. Are there any questions on this particular issue? Are there any questions about the truck drivers? Go ahead. Maybe someone can articulate this question better.

Question: My question is not just about the truckers. Everyone is aware of professional drivers' problems, why they have been protesting for weeks against the problems with the new toll system. But I have questions on behalf of the entire driving community.

Random motorists are also forced to pay. For example, there's this new road being built from Moscow to St Petersburg, recognized by all as the most expensive in Europe. For example, a drive to the nearest Moscow suburb and back costs 1,000 rubles, more than a small amount for most people.

In Moscow, the metered parking policy has reached residential areas where there actually wasn't any serious need for it, as many have said. But drivers have been told that this is the way things are in Europe. But we have a standard of living far lower than them, and even you pointed out at the beginning of this news conference that real income has declined. So my question is: is it fair to dump these high charges on all categories of motorists?

Vladimir Putin: Paid parking is kind of beyond the point, it's another matter. As to these car parks in Moscow, all major metropolitan areas at some point have to introduce paid parking because the problem can't be solved in any other way. Of course common sense should prevail here too and you need to watch not only what to do but how to do it, and prices should be based on reality. However, the Moscow city authorities have made this decision. You need to know this.

The Moscow authorities decided that parking prices should not be directly set by the mayor's office, but only after consultations with the municipalities and with the districts. Moreover, the local elected authorities, district authorities have the right to decide on this issue – they have been given that authority. And parking is free for people who live in the buildings next to these car parks. I can assure you that the citizens concerned, the Muscovites who live near these car parks, are more in favour of the policy than against it.

The charges apply to those who arrive from other districts or other regions: from the Moscow suburbs and so on. This doesn't mean, however, that we should not think about them at all. And of course, the fees should have some relation to average incomes. But I repeat, these decisions are largely up to the local municipalities. But keep in mind, the revenue from parking goes entirely, completely, one hundred percent, into the local district budgets.

I'd like to reiterate that this does not mean the upper levels and limits should be ignored. After all, this is the prerogative of district and city authorities, above all, the districts.

Now, regarding other components of the auto business.

Most importantly, Rotenberg junior was mentioned here. What should I say, and what is important? It is important to get to the bottom of the problem, not try to use a difficult situation for some quasi-political purposes, but look inside. And what lies inside? All revenues coming from the Platon system – all 100 percent – do not go into somebody's pocket but into the Road Fund of the Russian Federation, down to the last cent, and from there all this money, down to the last cent, is spent on road construction in Russian regions. I'd like you to hear this. This is the first point.

Second, where does this joint venture set up by Rostekhnologii and the company represented by private investors get funding from? Directly from the budget – I believe about 10 billion [rubles]. For what purpose? For the repair and maintenance of this system, keeping it operational, for development. However, what does it mean that they receive funding from the budget? This means that everything can be checked, including by the public and the Accounts Chamber, which is very important. If some people think that these maintenance and development costs are inflated, let them do calculations and submit them. This will be the right thing to do – calculate and submit. This can be done – [count] the money and revenues from Platon, the company with private investment and Rostekhnologii – these revenues don't go there. I want this to be heard.

Where did the idea come from? It came from the Government. Why? For two reasons.

First, because economic agents across all transport sectors, including aviation, river, sea and rail transport, pay taxes and infrastructure fees, including on the railway. Motor vehicle owners pay only a portion of the infrastructure tax through the excise tax on petrol. But that's only a portion of it. In other industries, economic agents pay infrastructure fees in full. This had a portion of cargo travel from rivers, seas and railways to motor roads. Huge numbers of trucks flooded motor roads, causing damage to infrastructure. A motor vehicle tax is the same for passenger cars and trucks weighing 12 tonnes or more.

I know that those guys are saying there's no difference between a passenger car and a heavy-duty truck. But this is not true. Experts say that during acceleration and braking, 12-tonne trucks do more damage to the road bed than cars. However, they pay the same amount. This proposal seeks to create a level playing field for all types of transport.

Second, the licensing of this activity was stopped in 2008 or 2007 as part of the war on red tape. It seemed like a good idea, but what do we have as a result? Large numbers of people go ahead and buy heavy-duty trucks and get away with it. But this is an absolutely grey economy. They aren't even licensed as sole proprietors.

I come from a working-class family, and I know that these guys work hard driving these trucks, but we need to leave grey schemes behind. I'd like to support them, believe me. Ms Pamfilova came to see me and said that she met with them, and they are hard workers and nice people overall. However, we must shed these grey schemes, and help truck drivers out as well.

Someone asked me if I'm pleased with the Government or not. Certain things must still be fine-tuned. How do we go about it? How do we get them out of the scheme and make sure that we don't charge them too many fees and taxes? There's a simple way to do this. They should be given an opportunity to purchase inexpensive patents. However, there's a problem. Patents are issued for a year, while there may be seasonal transport. Let the Government think about it in advance and do it.

Some time ago, the Government reviewed the possibility of introducing a similar fee. They charge for mileage covered by heavy-duty trucks in many countries around the world. In Belarus, truck drivers are paying seven times more than is suggested in Russia. They are paying seven times more for their mileage, just think about it. We said that the motor vehicle tax can be cancelled after transiting to this system. The tax wasn't cancelled upon the request of the regional authorities, as the motor vehicle tax goes straight to the regional budget. It must be cancelled at least for heavy-duty trucks whose owners must pay for mileage. I hope the Government will do so in early 2016.

I know that there is concern over having to buy various devices. They also cost money. Here also it is necessary to take a thorough look into who must pay and for what.

For instance, a tachograph, a device showing how much time a driver has been at the wheel. Listen, after all, this must be paid for. And people all over the world pay for this. It must be done to ensure the safety of both heavy-truck drivers and other motorists. Because when a person works overtime, sitting at the wheel for 20 hours on end, he poses a threat to himself and to other road users. Yes, this must be paid for. I can't recall how much, but this must be paid for.

And there are two more devices. One is the Platon tracking device, which must be provided to all free of charge, and the other is the ERA-GLONASS system (or the SOS system, so to speak), which sends out an emergency signal. The latter device must be tucked away in a safe spot to prevent it from getting damaged during an accident. And so, the first and second systems [tachograph and Platon] can be put together in one box, while the third system must for the time being be hidden deep inside a vehicle. And by the way, it must also be provided free of charge.

Some people say that while it must be installed on new trucks free of charge, money is charged for installing it on used trucks. No, they mustn't charge anything. Around two million have already been produced, as far as I know.

As a matter of fact, this is the initiative of Rostekhnologii, and not of any private persons. Why? Because, first, Rostekhnologii proposed a technical solution, assigned the work to their enterprises and created jobs, so this is their intellectual product. Why do we need private persons there? We need them as investors. They have invested 29 billion rubles (by the way, as regards the elites, they can do something, or their children, or cannot), invested these 29 billion rubles in Russia, and not in the United States, or Cyprus or anywhere else. The point is that the system needs to be adjusted, that's true.

I hope the Government will make all these decisions, including taxes on transport vehicles in the near future – no later than the first quarter.

Tamara Gotsiridze: Tamara Gotsiridze, Maestro TV. Mr Putin, I have a general question about the future of Russian-Georgian relations. Three years have passed since the change of government in Georgia. There were expectations of a summit. It's still unclear why this hasn't been held yet. People hoped that Russia would ease visa restrictions for Georgians or make travel visa-free altogether but there is no progress on this either.

I have this question: what does each side need to do? What does Moscow expect from Tbilisi? What can be expected of Moscow to bring Russian-Georgian relations to a new level? What do you think about our prospects?

Vladimir Putin: As for the events in 2008 and the subsequent decline in our relations, we've talked about this many times, but I consider myself obliged to repeat it. We are not to blame for the deterioration in relations. The former Georgian leaders and the then President Saakashvili should not have made the adventurist decisions that triggered Georgia's territorial disintegration. This is their fault, their historical fault. They are fully to blame for this.

Now the export of politicians has begun. They are actively operating in another former Soviet republic – independent Ukraine. As you can see, they haven't changed their approach.

I've already mentioned this but I'd like to repeat it. I think this is simply a slap in the face of the Ukrainian people. Not only have they been put under an external administration but they've also had to accept so-called politicians that were delegated there. By the way, I think Saakashvili was never granted a work visa to the United States but they sent him to run the show in Ukraine and he is functioning there. What was Ukraine told? We won't just organise you – we'll send people who will administer over you, people from more civilised countries – either your neighbours or from overseas.

We'll put all of them into key positions: finance, the economy, and so on and so forth because you don't know how to do it well. Others know but you don't.

Is it impossible to find five or ten honest, decent and efficient managers out of 45 million people? This is simply a slap in the face of the Ukrainian people.

Now let's turn to relations with Georgia. We didn't initiate the collapse of these relations but we're willing to restore them. As for Georgia's territorial integrity, this is primarily up to the people of Georgia, South Ossetia and Abkhazia. It would be necessary to work with them. We'll accept any decision.

Today, despite the difficulties you mentioned we notice signals from the current Georgian leaders and we are receiving them. Imagine, today Russia accounts for two thirds of Georgia's wine and wine stock exports. They are coming to the Russian market not to some other market abroad. We are importing these products as well as others and our trade has increased. It declined a little this year due to general economic difficulties, but on the whole it is demonstrating fairly high growth rates.

As for visas, we're ready to cancel them with Georgia.

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