

Interview with President Vladimir Putin: The Crisis in East Ukraine, The Sanctions Regime, Russian-German Relations

By <u>Pres. Vladimir Putin</u>
Global Research, November 27, 2014

ARD 17 November 2014

Region: <u>Europe</u>, <u>Russia and FSU</u>

Theme: Global Economy, US NATO War

<u>Agenda</u>

In-depth Report: **UKRAINE REPORT**

Vladimir Putin answered questions from Hubert Seipel of the German TV channel ARD. The interview was recorded on November 13 in Vladivostok. President Vladimir Putin presents his views on the Ukraine crisis and defends Russia's actions.

HUBERT SEIPEL (retranslated from Russian): Good afternoon, Mr President.

You are the only Russian President who has ever given a speech at the Bundestag. This happened in 2001. Your speech was a success. You spoke about relations between Russia and Germany, building Europe in cooperation with Russia, but you also gave a warning. You said that the Cold War ideas had to be eradicated. You also noted that we share the same values, yet we do not trust each other. Why were you being a little pessimistic back then?

VLADIMIR PUTIN: First of all, I gave no warnings or admonitions and I was not being pessimistic. I was just trying to analyse the preceding period in the development of the situation in the world and in Europe after the collapse of the Soviet Union. I also took the liberty of predicting the situation based on different development scenarios.

Naturally, it reflected the situation as we see it, through the prism, as diplomats would put it, from Russia's point of view, but still, I think it was a rather objective analysis.

I reiterate: there was no pessimism whatsoever. None. On the contrary, I was trying to make my speech sound optimistic. I assumed that having acknowledged all the problems of the past, we must move towards a much more comfortable and mutually advantageous relationship-building process in the future.

HUBERT SEIPEL: Last week marked the 25th anniversary of the fall of the Berlin wall, which would not have been possible without the Soviet Union's consent. That was back then. In the meantime, NATO is conducting exercises in the Black Sea, near the Russian borders, while Russian bombers conduct exercises in Europe's international airspace. The Defence Minister said, if I'm not mistaken, that they fly as far as the Gulf of Mexico. All of this points to a new Cold War.

And, of course, partners exchange harsh statements. Some time ago, President Obama named Russia as a threat on a par with Ebola and the extremists, the Islamic extremists. You once called America a nouveau riche, who thinks of himself as a winner of the Cold war,

and now America is trying to shape the world according to its own ideas about life. All of this is very reminiscent of a Cold War.

VLADIMIR PUTIN: See, you mentioned 2001 and I said that my perspective was rather optimistic.

We have witnessed two waves of NATO expansion since 2001. If I remember correctly, seven countries – Slovenia, Slovakia, Bulgaria, Romania and three Baltic States, Estonia, Latvia and Lithuania – joined NATO in 2004. Two more countries joined in 2009. Those were significant geopolitical game changers.

Furthermore, the number of military bases is growing. Does Russia have military bases around the world? NATO and the United States have military bases scattered all over the globe, including in areas close to our borders, and their number is growing.

Moreover, just recently it was decided to deploy Special Operations Forces, again in close proximity to our borders.

You have mentioned various exercises, flights, ship movements, and so on. Is all of this going on? Yes, it is indeed.

However, first of all, you said - or perhaps it was an inaccurate translation - that they have been conducted in the international European airspace. Well, it is either international (neutral) or European airspace. So, please note that our exercises have been conducted exclusively in international waters and international airspace.

In 1992, we suspended the flights of our strategic aircraft and they remained at their air bases for many years. During this time, our US partners continued the flights of their nuclear aircraft to the same areas as before, including areas close to our borders. Therefore, several years ago, seeing no positive developments, no one is ready to meet us halfway, we resumed the flights of our strategic aviation to remote areas. That's all.

HUBERT SEIPEL: So, you believe that your security interests have not been accommodated.

Let me return to the current crisis and to its trigger. The current crisis was triggered by the agreement between the European Union and Ukraine. The title of this agreement is relatively harmless. It is called the Association Agreement between the European Union and Ukraine. The key point of this agreement is to open the Ukrainian market to the EU and vice versa. Why is it a threat for Russia? Why did you oppose this agreement?

VLADIMIR PUTIN: In reality the economy follows almost the same path as security. We preach the opposite of what we practice. We say that a single space should be built and build new dividing lines instead.

Let us look at what the EU-Ukraine Association Agreement stipulates. I have said this many times, but it appears I have to repeat it once again: it eliminates the import duties for the European goods entering Ukrainian territory, brings them down to zero. Yet as Ukraine is a member of a free trade zone within CIS, zero customs tariffs have been introduced between Russia and Ukraine. What does that mean? It means that all European goods will flow through Ukrainian territory directly to the customs territory of the Russian Federation.

There are many other things that may not be clear for people who are not informed regarding these matters, but they do exist. For example, there are technical regulations that are different in Russia and in the EU, we have different standards. Those are standards of technical control, phytosanitary standards and the principle of determining the origin of goods. By way of an example I would cite the component assembly of cars in Ukrainian territory. According to the Association Agreement, the goods manufactured in the territory of Ukraine are intended for our market within the framework of the Russian-Ukrainian free trade zone. Your companies that invested billions of euros in factories in Russia (Volkswagen, BMW, Peugeot, Citroen, the US Ford, and others) entered our market on completely different terms, on condition of deep localisation of production. How could we accept that? So we said from the outset, "We agree, but let us proceed step by step and take into consideration the real problems that can emerge between Russia and Ukraine." What were we told in response? "It is none of your business, so get your nose out of these affairs."

HUBERT SEIPEL: I would like to turn to the past. When the EU-Ukraine Association Agreement was discussed, the negotiations took quite a while. This caused rallies on Maidan in Kiev. I refer to the protests during which people demanded a better life within the European Union. But they were also protesting against the Ukrainian system. In the end all that resulted in a wave of violence.

After the then president failed to sign the Agreement, it provoked an outbreak of violence, and people were killed on Maidan. Then the German Minister of Foreign Affairs arrived and tried to find a compromise between the protesters and the government, and managed to do that. An agreement was made providing for a government of national unity. It remained in force for about 24 hours and then it disappeared.

You followed closely the developments of September 21 and you remember how you talked with Mr Obama and Ms Merkel.

VLADIMIR PUTIN: Yes. Indeed, on February 21, not only the German Minister of Foreign Affairs but also his counterparts from Poland and France arrived in Kiev to act as guarantors of the agreement achieved between the then President of Ukraine Viktor Yanukovych and the opposition. The agreement stipulated that the only path the process would take was the peaceful one. As guarantors, they signed that agreement between the official authorities and the opposition. And the former assumed that it would be observed. It is true that I spoke by telephone with the President of the United States that same day, and this was the context for our conversation. However, the following day, despite all the guarantees provided by our partners from the West, a coup happened and both the Presidential Administration and the Government headquarters were occupied.

I would like to say the following in this regard: either the Foreign Ministers of Germany, Poland and France should not have signed the agreement between the authorities and the opposition as its guarantors, or, since they did sign it after all, they should have insisted on its implementation instead of dissociating themselves from this agreement. What is more, they prefer now not to mention it at all, as though the agreement never existed. In my view, this is absolutely wrong and counterproductive.

HUBERT SEIPEL: You acted promptly. You, so to say, annexed Crimea and justified it at the time based on the fact that 60 percent of Crimea's population were Russians, that Crimea

has a long history of being part of Russia and, lastly, that its fleet is stationed there. The West saw that as a violation of international law.

VLADIMIR PUTIN: What is your question exactly?

HUBERT SEIPEL: Did you underestimate the reaction of the West and the possible sanctions, which were later imposed on Russia?

VLADIMIR PUTIN: We believe that this sort of reaction was totally disproportionate to what had happened.

Whenever I hear complaints about Russia violating international law I am simply amazed. What is international law? It is first of all the United Nations Charter, international practice and its interpretation by relevant international institutions.

Moreover, we have a clear recent precedent - Kosovo.

HUBERT SEIPEL: You mean the International Court of Justice ruling on Kosovo? The one in which it stated that Kosovo had the right to self-determination and that the Kosovars could hold a vote to determine the future of their state?

VLADIMIR PUTIN: (In German.) Exactly. (Continues in Russian.) But not only that. Its main point was that when making a decision concerning their self-determination, the people living in a certain territory need not ask the opinion of the central authorities of the state where they presently live. They do not need the approval by the central authorities, by the government, to take the necessary measures for self-determination. That is the central point.

And what was done in Crimea was not in any way different from what had been done in Kosovo.

I am deeply convinced that Russia did not commit any violations of international law. Yes, I make no secret of it, it is a fact and we never concealed that our Armed Forces, let us be clear, blocked Ukrainian armed forces stationed in Crimea, not to force anybody to vote, which is impossible, but to avoid bloodshed, to give the people an opportunity to express their own opinion about how they want to shape their future and the future of their children.

Kosovo, which you mentioned, declared its independence by parliamentary decision alone. In Crimea, people did not just make a parliamentary decision, they held a referendum, and its results were simply stunning.

What is democracy? Both you and me know the answer well. What is *demos*? Demos is people, and democracy is people's right. In this particular case, it is the right to self-determination.

HUBERT SEIPEL: It shows immediately that you are a lawyer.

But you know the arguments of the West as well. The West says that the elections were held under the control of Russian military. This is the reasoning of the West.

Let me touch upon the next issue. Today, Ukraine is more or less divided. Four thousand people have died, hundreds of thousands have become refugees and fled, among other

places, to Russia. In the east of the country, Russian-speaking separatists are demanding broad autonomy, some want to join Russia. In accordance with the Minsk agreement, ceasefire was declared, but people are dying every day. The country is bankrupt. Basically everybody lost in the conflict. Ukraine seems to have lost the most, but Europe and Russia did as well. How do you see Ukraine's future?

VLADIMIR PUTIN: Ukraine is a complex country, and not only due to its ethnic composition, but also from the point of view of its formation as it stands today.

Is there a future and what will it be like? I think there certainly is. It is a large country, a large nation with the population of 43-44 million people. It is a large European country with a European culture..

You know, there is only one thing that is missing. I believe, what is missing is the understanding that in order to be successful, stable and prosperous, the people who live on this territory, regardless of the language they speak (Hungarian, Russian, Ukrainian or Polish), must feel that this territory is their homeland. To achieve that they must feel that they can realise their potential here as well as in any other territories and possibly even better to some extent. That is why I do not understand the unwillingness of some political forces in Ukraine to even hear about the possibility of federalisation.

We've been hearing lately that the question at issue should be not federalisation but decentralisation. It is all really a play on words. It is important to understand what these notions mean: decentralisation, federalisation, regionalisation. You can coin a dozen other terms. The people living in these territories must realise that they have rights to something, that they can decide something for themselves in their lives.

HUBERT SEIPEL: The central question in the West as follows: will Ukraine remain an independent state? It is the central question now on the agenda. The second question is whether Russia can do more? Maybe Russia has more opportunities to expedite this process in Ukraine, in particular with regard to the Minsk agreements?

VLADIMIR PUTIN: You know, when someone tells us that we have some special opportunities to solve this or that crisis it always troubles and alarms me. We have heard many times that Russia has a key to the solution of the Syrian problem, that we have some special opportunities to solve some other problem or the Ukrainian crisis. I always begin to suspect that there is an intention to pass on the responsibility to us and to make us pay for something. We do not want that. Ukraine is an independent, free and sovereign state. Frankly speaking, we are very concerned about any possible ethnic cleansings and Ukraine ending up as a neo-Nazi state. What are we supposed to think if people are bearing swastikas on their sleeves? Or what about the SS emblems that we see on the helmets of some military units now fighting in eastern Ukraine? If it is a civilised state, where are the authorities looking? At least they could get rid of this uniform, they could make the nationalists remove these emblems. That is why we have fears that it may all end up this way. If it happens it would be a catastrophe for Ukraine and Ukrainian people.

The Minsk agreements arose only because Russia became actively involved in this effort; we worked with the Donbass militias, that is the fighters from southeast Ukraine, and we convinced them that they should settle for certain agreements. If we had not done that, it would simply not have happened. There are some problems with the implementation of these agreements, it is true.

What are those problems? Indeed, self-defence fighters, for example, were supposed to leave some of the towns they had surrounded, are yet they haven't left. Do you know why not? I will tell you plainly, this is no secret: because the people fighting against the Ukrainian army say, "These are our villages, we come from there. Our families and our loved ones live there. If we leave, nationalist battalions will come and kill everyone. We will not leave, you can kill us yourselves." You know, it is a difficult problem. Of course, we try to convince them, we talk, but when they say things like that, you know, there is not much that can be said in response.

And the Ukrainian army also has not left some of the towns it was supposed to leave. The militias – they are the people who are fighting for their rights, for their interests. But if the central Ukrainian authorities choose not just to determine the demarcation line, which is very important today in order to stop the shelling and killing, but if they want to preserve the territorial integrity of their country, each particular village or town are not significant; what is important is to immediately stop the bloodshed and shelling and to create conditions for starting a political dialogue. That is what is important. If it this is not done, there will be no political dialogue.

I apologise for such a long monologue, but you make me go back to the essence of the problem.

What is the essence? The coup took place in Kiev. A considerable part of the country supported it, and they were happy partly because they believed that after the signing of, say, the Association Agreement there will be open borders, job opportunities, the right to work in the European Union, including in Germany. They thought that it will be like that. In fact, they have nothing of the sort. The other part of the country, the southeast, did not support it and said, "We do not recognise you." And instead of starting a dialogue, instead of explaining to people that the central authorities in Kiev are not going to do anything bad, and on the contrary, they will propose various forms of coexistence and development of a common state, they are ready to grant them their rights, instead of that they begin making arrests at night. Once the night arrests began, people in the southeast took up arms. Once they took up arms, instead of stopping (the authorities should have the wisdom to do that) and starting this dialogue they sent the army, the air force, tanks and multiple rocket launchers. Is this a way to solve problems? And ultimately everything came to a deadlock. Is it possible to get out of it? I am sure that it is possible.

HUBERT SEIPEL: The question or, more properly, the claim made by Kiev today is that Russia supplies weapons to the separatists and sends its servicemen there.

VLADIMIR PUTIN: Where did they get the armoured vehicles and the artillery systems? Nowadays people who wage a fight and consider it righteous will always get weapons. This is the first point.

But I would like to stress that this is not the issue. The issue itself is entirely different. The issue is that we can't have a one-sided view of the problem.

Today there is fighting in eastern Ukraine. The Ukrainian central authorities have sent the armed forces there and they even use ballistic missiles. Does anybody speak about it? Not a single word. And what does it mean? What does it tell us? This points to the fact, that you want the Ukrainian central authorities to annihilate everyone there, all of their political foes and opponents. Is that what you want? We certainly don't. And we won't let it happen.

HUBERT SEIPEL: After the Crimea joined Russia, the West expelled Russia from the Group of Eight, this exclusive club of industrial states. At the same time the USA and Great Britain imposed sanctions against Russia. Now you are heading to a G20 summit of the most important industrial states on the planet. The focus there will be on economic growth and employment. They say, there is no more growth and unemployment is set to increase; the sanctions are starting to have an effect; both the ruble and the oil price have set anti-records. The forecast of attaining 2 percent growth in Russia is unfeasible. Other countries are in the same situation. This crisis has a counter-productive character, including for the upcoming summit, wouldn't you say?

VLADIMIR PUTIN: You mean the Ukrainian crisis?

HUBERT SEIPEL: Yes.

VLADIMIR PUTIN: Of course, who could benefit from it? You wanted to know how the situation is evolving and what our expectations are. Of course we expect the situation to change for the better. Of course we expect the Ukrainian crisis to end. Of course we want to have normal relations with our partners, including in the United States and Europe. Of course, the situation with the so-called sanctions is damaging for the global economy (it is damaging for us and it is damaging for global economy as well) and it is damaging for the Russian-EU relations most of all.

However, there are some advantages as well: the restrictions imposed on some Russian companies on purchasing certain goods from Western countries, from Europe and the United States, have induced us to produce these goods ourselves. The comfortable life, when all we had to do was produce more oil and gas, and to buy everything else, is a thing of the past.

With regard to growth, we should note that this year growth was modest but it was present nevertheless at about 0.5–0.6 percent. Next year we are planning to achieve 1.2 percent growth, the year after that 2.3 percent and 3 percent in three years. Generally, these are not the figures we would like to have but nevertheless it is growth and we are confident that we will achieve these figures.

HUBERT SEIPEL: Another theme to be discussed in Brisbane will be financial stability. The situation in Russia may also be complicated because Russian banks can no longer obtain refinancing on world markets. Moreover, there are plans to close for Russia the international payments system. **VLADIMIR PUTIN:** Russian banks have currently extended a \$25 billion loan to the Ukrainian economy. If our European and American partners want to help Ukraine, how can they undermine the financial base limiting our financial institutions' access to world capital markets? Do they want to bankrupt our banks? In that case they will bankrupt Ukraine. Have they thought about what they are doing at all or not? Or has politics blinded them? As we know eyes constitute a peripheral part of brain. Was something switched off in their brains?

The bank that I mentioned is Gazprombank, which only this year, this calendar year, has extended a loan of \$1.4 plus \$1.8 billion to the Ukrainian energy sector. How much is that in total? \$3.2 billion. This is the sum it has allocated. In one case, it issued a loan to Ukrainian Naftogaz, which is a public company; in the other case, it allocated \$1.4 billion to a private company in order to support Ukraine's chemical industry. In both cases, today this bank has the right to demand early repayment because the Ukrainian partners have violated their

loan agreement.

HUBERT SEIPEL: The question is if they are paying or not?

VLADIMIR PUTIN: (In German.) They are paying at the moment. (Continues in Russian.) They are servicing the loan. Naftogaz is servicing one of the loans. However, there are some conditions that are being violated. Therefore, the bank has the formal right to demand early repayment.

But if we do it, the whole Ukrainian financial system will collapse. And if we don't do it, our bank may collapse. What should we do?

Moreover, when we extended a \$3 billion loan a year ago, there was a condition that if Ukraine's total debt exceeded 60 percent of GDP, we, the Russian Ministry of Finance, would be entitled to demand an early repayment. Again, if we do it, the whole financial system will collapse. We have already decided that we will not do it. We do not want to aggravate the situation. We want Ukraine to get on its feet at last.

HUBERT SEIPEL: Do you intend to propose ways to resolve the crisis in Ukraine?

VLADIMIR PUTIN: Madam Chancellor is very much aware of all the nuances of this conflict. As for the energy problem, she has done a great deal for its solution.

As for the security issues, I would say that in this area our viewpoints and approaches do not always coincide. What is clear is that Russia and the Federal Republic of Germany want the situation in this region to be settled. We are interested in this and we will work for the observation of the Minsk agreements. There is just one thing that I always pay attention to. We are told again and again: pro-Russian separatists must do this and this, you must influence them in this way, you must act in that way. I have always asked them: "What have you done to influence your clients in Kiev? What have you done? Or do you only support Russophobic sentiments?" This is very dangerous, by the way. A catastrophe will happen if somebody surreptitiously supports Russophobia in Ukraine. It will be a real catastrophe! Or shall we seek a joint solution? If so, let's bring the positions of the parties closer together. I am going to say something that some people in this country may not like. Let's try to achieve a single political space in those territories. We are ready to move in this direction, but only together.

HUBERT SEIPEL: It is very difficult to correct the mistakes made by others. Sometimes it is only possible to correct one's own mistakes.

I would like to ask you: have you made mistakes?

VLADIMIR PUTIN: People always make mistakes. Every person makes mistakes in business, in private life. Does it really matter? The question is that we should give a rapid, timely and effective response to the consequences of such mistakes. We should analyse them and realise that they are mistakes. We should understand, correct them and move on towards the solution of problems rather than an impasse.

It seemed to me that this is the way we acted in our relations with Europe as a whole and the Federal Republic of Germany in particular over the past decade. Look at the friendship that has been established between Russia and Germany in the past 10–15 years. I don't know if we had ever enjoyed such relations before. I don't think so. I see it as a very good

base, a good foundation for the development of relations not only between our two states, but also between Russia and Europe as a whole, for the harmonisation of relations in the world. It will be a pity if we let it go to waste.

HUBERT SEIPEL: Mr President, thank you for the interview.

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